

1956 ANNUAL REPORT

*THE GOVERNOR OF**Hawaii**TO THE SECRETARY OF THE INTERIOR*

FOR THE FISCAL YEAR ENDED JUNE 30, 1956

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GOVERNOR OF

Hawaii

TO THE SECRETARY OF THE INTERIOR



FOR THE FISCAL YEAR ENDED JUNE 30, 1956

STACK

UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, *Secretary*

TERRITORY OF HAWAII
Samuel Wilder King, *Governor*

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, D. C.

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Washington 25, D. C. - Price 30 cents

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Annual Report of the Governor of Hawaii

Samuel Wilder King, *Governor*

THE EXECUTIVE

The Administration continued its efforts to accomplish the six main objectives as set forth by the Governor in his address to the 27th Hawaiian Legislature in joint session on March 17, 1953.

1. Statehood for Hawaii is of first importance. The Administration has aggressively promoted statehood legislation in Congress through the Hawaii Statehood Commission and wholeheartedly supported and endorsed the work of Hawaii's Delegate to Congress, the Honorable Elizabeth P. Farrington, in her efforts to push the statehood legislation.

2. The development of Hawaii's economy is discussed under the heading "Economy of Hawaii."

The Governor vetoed an unrealistic tax bill passed by the 28th legislature because it would have seriously hampered the development of new industries and would have been an excessive burden on both new and old industries at this time, when expanding the economic base is so important.

In the meantime the steadily growing economy has resulted in higher tax returns than estimated originally.

3. The Administration's program to increase the utilization of land in the Territory and its efforts to develop small farming have been very successful and several more projects are planned for the immediate future.

4. Labor and management relations have been very satisfactory. During the fiscal year, contracts in the sugar, pineapple, and stevedoring industries were open for negotiations and resulted in new con-

tracts being signed covering longer periods of time than ever before. It is estimated that only 6,044 man-days were lost during the year as the result of labor disputes—the lowest man-days lost since 1945.

5. The legislature directed the Administration to save \$1.5 million out of the General Appropriation Bill without designating from what departments or items the money was to be saved. The Administration has done this and saved in addition in excess of \$1 million more by careful management.

At the same time the Administration has carried on a personnel reclassification and repricing program to grant the employees a better wage scale.

Studies on tax measures, the budget, management improvement, land and finance continue, with the assistance of expert consultant organizations.

6. The Administration has continued actively to oppose the local communist influence and other subversive groups.

However, the appeal of the seven defendants convicted under the Smith Act in 1953 is still pending in the United States Ninth Circuit Court of Appeals while they continue about their business at liberty on bail.

The appropriation for the operation of the Territorial Commission on Subversive Activities was sharply reduced by the Territorial legislature, so that the Commission must suspend its operations in the latter part of the biennium.

This Commission has rendered the community valuable service in determining and revealing the Communist affiliations of various applicants for government employment and of others active in the labor movement.

THE LEGISLATURE

During the fiscal year there were no legislative sessions. However, during the first part of the fiscal year the Governor was still receiving bills enacted by the 28th Legislature. Its scheduled adjournment was April 29. Instead, it lasted some 28 "overtime" days and finally adjourned May 27.

This was accomplished by the excessive use or the abuse of the practice of stopping the clock for a short time to complete final action on measures almost through the legislative process.

The last bill was received by the Governor's office on August 22.

THE JUDICIARY

	Cases disposed of	Cases pending
Supreme Court of the Territory of Hawaii.....	57	64
Circuit courts:		
First Circuit (seven divisions).....	6,740	9,345
Second Circuit.....	475	321
Third Circuit.....	1,604	811
Fifth Circuit.....	641	215
District courts:		
First Circuit (eight districts).....	123,831	1,188
Second Circuit (six districts).....	3,483	138
Third Circuit (nine districts).....	7,995	109
Fifth Circuit (five districts).....	1,303	3

ECONOMY OF HAWAII

Continued progress has been made in achieving a stronger base for Hawaii's economy. The sugar and pineapple industries have held their position as mainstays of our economy.

Smaller industries have increased their production in both volume and in dollar value. All smaller farm crops have increased, in some cases very substantially, and have added their production to the support of our growing population.

The Administration realizes that even further development must be sought if we are to meet the demands of the future. It continues to be true that nearly half of our total income in 1955 amounting to \$745,000,000 is obtained through the expenditures in Hawaii, both directly and indirectly, of the military services of the United States.

Tourism promises the greatest increase in the next few years. More and more visitors come to Hawaii every year and the number of people employed in taking care of them has increased rapidly. It is anticipated that the number of tourists and the amounts spent by them in the Territory will soon double those of today.

The Administration has continued to do everything possible to encourage the production of more agricultural crops and to develop new industries.

Economic studies and analyses have been initiated to determine what might best be encouraged as a means of improving our economy with promising results in individual fields. Hawaii's economic base is shifting from one based on commodities alone to one where the selling of services is of equal or greater importance.

The former local sugar factors are growing from family firms to medium-sized American corporations with strong mainland ties, and are not as important in the overall island business picture as formerly.

The future economy will obviously be less dependent on sugar and pineapple, although those industries will be a part of it. Diversifi-

cation within the present organizations and the development of new industries is increasing steadily in importance.

Another change that is quite noticeable is the fact that mainland capital is being invested here while several Hawaii firms are investing in mainland projects.

In 1939 the sugar industry carried 44,000 of the Territory's 166,000 workers on its \$80 million annual payroll, which compared with \$156 million for the Territory as a whole. Today the industry employs less than 19,000 people on its \$60 million payroll, while the Territory has more than 200,000 people earning more than \$670 million.

The picture is the same in the pineapple industry.

Diversification and further development of the tourist industry, plus the attracting of mainland capital to Hawaii, are the necessary steps to be taken at this time.

Business and Economic Facts

[In Millions]

	1954	1955
Income (money earned outside of Territory):		
Exports (sugar, pineapple, coffee, garments, etc.)-----	263	270
Federal Government expenditures (Armed Forces, grants, tax refunds)-----	306	338
Goods and services purchased (tourists, airlines, steamship lines)-----	80	94
Dividends, interest, profits from overseas investments-----	24	25
Remittances and personal gifts-----	10	18
Total.....	683	745
Expenditures (money spent outside Territory):		
Goods bought (food, raw materials, autos, drugs, etc.)-----	370	421
Payments to Federal Government (tax, etc.)-----	152	145
Services (freight, transportation, advertising)-----	85	105
Interest and dividends-----	24	28
Remittances-----	5	8
Total.....	636	707

Thus, we earned from outside sources \$38 million more than we spent in 1955.

In the analysis of "Island Products for Island Use" we find that the \$421 million spent for commodities imported to Hawaii is equivalent to nearly one-half of all personal income in the Territory. Two-thirds of the food we eat and nine-tenths of the other commodities we use are produced outside of the Islands.

Hence, island products for island use amounted to less than \$50 million annually. Of this figure, food is by far the largest item, amounting to about \$44 million. The above emphasizes the importance of keeping the sea lanes to Hawaii open and the need of Federal assistance through legislation now and actual participation when and if this lifeline is cut for any cause whatsoever.

The Administration has assisted local producers in meeting certain standards and with the cooperation of the Armed Services has been

able to increase their purchase of local produce which has aided diversified agriculture, particularly vegetable farmers, considerably.

The problem of: (1) Expanding the economy to meet our ever-increasing labor force; (2) producing more goods for export; and (3) producing more of the goods we use, still continues.

There is a marked increase in the mobility of labor and capital between Hawaii and the mainland. Examples are: (1) The growth of the investments of mainland insurance companies from \$19 million in 1948 to \$110 million in 1954; (2) the fact that mainland concerns are employing island students, not only graduates of mainland institutions but also those from the University of Hawaii; and (3) the number of mainland firms operating in the Territory.

In 1955 the excess of births over deaths was 13,211 and it is estimated that the civilian population for the Territory as of June 30, 1956, is 525,000. However, the labor force has not increased proportionately with this increase in population, but it has continued to rise steadily.

The increase in the volume of wages and salaries in the Territory has risen from \$184 million in 1939 to an estimated \$567 million in 1955.

Consumers' Price Index

	Present June 56	1 year ago June 55	2 years ago June 54	3 years ago June 53	4 years ago June 52
All items.....	144.8	142.9	140.9	140.4	138.2
Food.....	151.9	151.6	150.7	151.4	150.7
Clothing.....	121.0	118.7	118.6	118.6	118.6
Rent.....	(1)	(1)	(1)	(1)	(1)
Fuel, light.....	132.3	132.2	126.0	121.2	116.0
House furnishings.....	142.9	140.8	140.6	138.8	137.4
Miscellaneous.....	161.0	156.5	152.2	150.8	145.7
Transportation.....	175.7	171.3	170.2	162.5	152.6
Medical care.....	162.9	159.0	158.9	158.5	153.5
Household operation.....	146.7	143.3	141.8	142.1	138.3
Recreation.....	160.0	158.2	146.8	147.5	144.7
Personal care.....	148.5	132.8	132.6	133.7	128.7
Percent change from					
		June 55	June 54	June 53	June 52
All items.....		1.3	2.8	3.1	4.8
Food.....		.2	.8	.3	.8
Clothing.....		1.9	2.0	2.0	2.0
Rent.....					
Fuel, light.....		.1	5.0	9.2	14.1
House furnishings.....		1.5	1.6	3.0	4.0
Miscellaneous.....		2.9	5.8	6.8	10.5
Transportation.....		2.6	3.2	8.1	15.1
Medical care.....		2.5	2.5	2.8	6.1
Household operation.....		2.4	3.5	3.2	6.1
Recreation.....		1.1	9.0	8.5	10.6
Personal care.....		11.8	12.0	11.1	15.4

¹ Rent not surveyed.

The Honolulu Consumers' Price Index for June declined $\frac{3}{10}$ of one percent from the all-time high of 145.2 established in March 1956 as the index moved down to 144.8, according to figures released by the Bureau of Research and Statistics of the Territorial Department of Labor and Industrial Relations. The current index is 1.3 percent greater than a year ago, 2.8 percent higher than June 1954, and 4.8 percent larger than June 1952.

The decline of $\frac{3}{10}$ of one percent during the quarter was the result of lower cost of food items in the survey as fruits and vegetables and eggs showed substantially lower prices in mid-June as compared with mid-March. Cereal and bakery products, dairy products, beverages, and sugar and sweets items also contributed to the decline.

House furnishings advanced $\frac{3}{10}$ of one percent as higher average prices were shown by fiber rugs, living room sets, sofa beds, ranges, dinnerware sets and cotton bedspreads. Lower prices in this quarter were noted for dinette sets and small radios.

The clothing group advanced $\frac{3}{10}$ of one percent during the quarter as price increases were registered by men's workshirts, shorts, briefs and undershirts, and shoes for men, women and children.

Fuel and light inched up $\frac{1}{10}$ of one percent as the result of a fractional increase in the average price for a gallon of kerosene.

The miscellaneous group advanced $\frac{3}{10}$ of one percent over the March quarter as higher prices were noted for automobile repairs and lubrication, laundry soaps, toilet tissues, women's shampoo and wave, toilet soap, shaving cream and toothpaste.

Rent, which is surveyed on a semiannual basis, was not surveyed in June.

Public Finance

Bureau of the budget.—The administration started the biennium on July 1, 1955, with a cash deficit in the general fund of \$8,032,931 and the prospect that this deficit will increase substantially during the biennium ending June 30, 1957, since the revenues estimated under the existing tax laws fell short of the authorized appropriations.

Concerted effort was made by the administration to minimize the rising deficit trend. Through cooperative efforts, departments were able to save \$3,176,000 out of their appropriations through improved operating procedures and methods and by not filling vacancies to the extent possible without reducing essential public services.

At the same time, revenues during the fiscal year 1955-56 reflected a sharp increase over the preceding year as the Hawaiian economy continued its steady growth. The following table shows a comparison

of the revenues for the fiscal year 1955-56 compared with the preceding year 1954-55.

Comparison of Revenues for Fiscal Year 1955-56 With Preceding Year

	General fund	Special funds	Bond funds	Total
1955-56:				
Taxes.....	\$48,528,453	\$9,948,147		\$58,476,600
Non-taxes.....	13,601,053	24,698,867	\$15,000,000	53,299,920
Total revenues.....	62,129,506	34,674,014	15,000,000	111,776,520
1954-55:				
Taxes.....	45,742,410	8,198,183		53,940,593
Non-taxes.....	11,718,400	25,352,815	6,500,405	43,571,620
Total revenues.....	57,460,810	33,550,998	6,500,405	97,512,213
Increase 1955-56 over 1954-55.....	4,668,696	1,096,016	8,499,595	14,264,307

The improved revenue trend and the economy measures taken by all departments were the major factors responsible for reducing the general fund cash deficit from \$8,032,931 on July 1, 1955, to \$6,093,092 on June 30, 1956.

Summary of Receipts, Payments, and Cash Balances, Fiscal Year 1955-56

	General fund	Special funds	Bond funds	Total
Receipts.....	\$62,129,506	\$34,674,014	\$15,000,000	\$111,776,520
Payments.....	60,189,667	35,665,089	16,912,053	112,766,809
Excess of receipts over expenditures.....	1,939,839	(1,018,075)	(1,912,053)	(990,289)
Available cash:				
At beginning of year.....	(8,032,931)	31,237,449	(2,115,334)	21,089,184
At close of year.....	(6,093,092)	30,219,374	(4,027,387)	20,098,895

Of the balance in the special funds, \$21,896,312 represent employment security funds deposited in the United States Treasury.

To finance the cash deficits in the general fund of \$6,093,092 and bond funds of \$4,027,387 on June 30, 1956, temporary loans were made as follows:

Temporary Loans

	From special funds	From bonds	Total loans
General fund.....	\$4,680,000		\$4,680,000
Bond funds.....	2,453,000	\$1,004,141	3,457,141
Total.....	7,133,000	1,004,141	8,137,141

The temporary loans from banks to finance authorized bond projects pending issuance of bonds resulted in a net savings to the Territory and Counties since the interest rates in short-term bank loans are lower than the prevailing interest rates on new bond issues.

Expenditures for schools made up the largest part of the cost of operating the Territorial Government for the fiscal year as detailed below:

Distribution of Operating Cost of Territorial Government by Function and Fund, Fiscal Year 1955-56

	General fund	Special funds	Bond funds	Total	Percent
Schools-----	\$23,747,295	\$6,677,257	\$1,292,446	\$31,716,998	28.1
Highways-----	63,751	9,430,076	503,609	9,997,436	8.9
Public safety-----	3,016,171	5,518,136	22,807	8,557,114	7.6
Hospitals-----	7,489,309	395,367	188,783	8,073,459	7.2
Public welfare-----	7,871,000	74,286	-	7,945,286	7.1
Utilities or other enterprises-----		4,886,761	351,267	5,238,028	4.7
General government—Staff-----	3,559,480	2,154	35,812	3,597,446	3.2
General government—Control-----	1,141,772	146,625	-	1,288,397	1.1
Health-----	2,977,267	537,005	-	3,514,272	3.1
Development and conservation of natural resources-----	1,902,498	969,653	280,008	3,152,159	2.8
Libraries-----	668,345	239	56,836	725,920	.6
Recreation-----	58,048	110,298	282,130	450,476	.4
Miscellaneous-----	3,581,041	3,082,357	6,555,742	13,219,140	11.7
Loans to counties from bond funds-----				7,342,613	6.5
Debt service charges-----	4,113,190	-	7,342,613	4,113,190	3.6
Unemployment compensation benefit payments-----		3,834,875	-	3,834,875	3.4
Total-----	60,189,667	35,665,089	16,912,053	112,766,809	100.00

Largely due to the increased budget and expenditures for schools during the fiscal year 1955-56, the number of Territorial employees during the year increased from 10,719.4 on June 30, 1955 to 11,178.8 on June 30, 1956.

	Positions authorized	Filled positions		Positions vacant June 30, 1956
		June 30, 1955	June 30, 1956	
General fund:				
Classified employees-----	5,451.4	4,986.3	5,096.4	355.0
Public school teachers-----	4,430.0	4,105.0	4,430.0	-
Total general fund-----	9,881.4	9,091.3	9,526.4	355.0
Special funds-----	1,837.9	1,628.1	1,652.4	185.6
Total all funds-----	11,719.3	10,719.4	11,178.8	540.5

Federal surplus property.—The Territorial Bureau of the Budget administers the Federal Surplus Program in accordance with the provisions of Public Law 152, 81st Congress, as amended.

The Federal Surplus Property Program during the fiscal year acquired personal property valued at \$883,715 and real property valued at \$1,132,478.

Personal property released to qualifying health and educational institutions was valued at \$761,932. This represents an increase of \$232,107, or 30.5%, over the amount for the fiscal year ended June 30, 1955.

Four real property transactions involving 11.02 acres of land and 15 buildings valued at \$1,132,478 were concluded during the year. The largest single transaction was the acquisition by the Department of Health of the facilities at Hale Mohalu, the Hansen's Disease Hospital at Pearl City.

On April 1, 1956, the Surplus Property Division moved into its new warehouse and office building, constructed at a total cost of \$57,432 inclusive of grading and paving.

Income study.—In cooperation with the United States Department of Commerce, the Bureau of the Budget compiled annual data for Hawaii's income. Personal income received by Hawaii's residents in 1955 amounted to \$946 million or 6.8% more than the 1954 total of \$886 million. Per capita income in 1955 was \$1,720 for Hawaii as compared to \$1,847 for the continental United States. Arrangements have been made by the Governor with the United States Department of Commerce to place Hawaii's income data on a current monthly or quarterly basis during 1956.

Report of the Treasurer

Bonded debt:

Outstanding bonded debt June 30, 1956-----	\$59, 911, 000. 00
Outstanding bonded debt June 30, 1955-----	¹ \$47, 875, 000. 00

Legal debt margin of the Territory as of June 30, 1956:

Bonded debt limitation-----	\$95, 000, 000. 00
Outstanding-----	\$59, 911, 000. 00
Excess of authority to borrow-----	\$35, 089, 000. 00

Cash Position:

Cash on hand and in banks-----	\$41, 190, 605. 10
For security of the funds deposited in banks there was an excess of-----	\$3, 622, 200. 76

Summary of business registrations as of June 30, 1956:

Corporations:	
Domestic joint stock-----	2, 268
Domestic eleemosynary-----	329
Foreign joint stock intrastate-----	301
Foreign joint stock interstate-----	30
Foreign eleemosynary-----	30

Partnerships:	
General-----	2, 094
Special-----	11
Limited-----	99

Others:	
Trade marks-----	2, 161
Trade names-----	3, 113
Prints-----	81
Labels-----	298

¹ During 1956 \$2,964,000.00 of bonds were matured and \$15,000,000.00 worth of public improvement bonds were issued.

Report of the Treasurer—Continued

Banks in Territory (Five banks with fifty branches were in operation in the Territory as of June 30, 1956) :

Bank clearances, July 1955 through June 1956 amounted to----- \$3,014,687,201.03

Total assets as of June 30, 1956 were----- \$428,471,220.99

Trust Companies (Five trust companies were in operation as of June 30, 1956) : Total assets of these companies amounted to-----

\$21,262,812.99

Savings, Building and Loan Associations (Ten associations with one branch were operating in the Territory as of June 30, 1956) : These associations had combined assets amounting to-----

\$117,185,533.86

Industrial Loan Act : The combined assets of 52 licensees and fourteen ranches amounted to-----

\$52,561,497.81

Veterans' Home and Farm Loans : As of June 30, 1956, the Territory had purchased 645 veterans' home mortgages for the principal sum of-----

\$7,397,130.11

NOTE: As of the same date, there was an outstanding balance of \$1,781,006.10 on commitment contracts for the purchase of eligible veterans' mortgages.

Tax commissioner—Real Property Assessments.—The gross assessed value of real property in the Territory, as of January 1, 1956, was \$1,905,799,998, an increase of 39.5 percent. Over half of this increase is the result of raising the assessment margin from 60 to 70 percent of market. The actual value increase of about 19.6 percent reflects increased values due to new subdivision, new construction, and higher sales prices.

Nontaxable exemptions amounted to \$634,041,326, statutory exemptions \$254,159,682, and valuations on appeal \$78,576,783, leaving \$978,310,598 net assessed valuation for tax rate determination. The tax rates per \$1,000 of valuation for 1956 are:

City and County of Honolulu-----	\$10.74
County of Maui-----	13.80
County of Hawaii-----	13.88
County of Kauai-----	13.10

Tax Collections.—Taxes collected by the Department of the Tax Commissioner amounted to \$89,497,681 for the fiscal year, including some \$4,476,000 which should properly be allocated to the prior fiscal year. With this adjustment, revenues from all sources increased 7.9 percent, or \$6,191,484, over the prior year. Of this increase, \$2,784,892 went to the Territorial General Fund, while the balance was allocated to the Counties or Special Funds.

The following four tables are comparative statistical statements which are self-explanatory.

Comparative Statement of Tax Collections for the Fiscal Years Ended June 30, 1955 and 1956

Source of revenue	1954-55	1955-56	Increase or decrease ¹	Percentages
Bank excise-----	\$175,000	\$132,239	\$42,761	24.43
Compensation and dividends-----	11,690,088	12,337,134	647,046	5.53
Employment security contributions-----	2,263,600	2,401,330	137,730	6.08
Fuel-----	8,470,017	10,928,641	2,458,624	29.03
General excise, consumption and compensating-----	33,276,218	35,287,579	2,011,361	6.04
Inheritance and estate-----	205,373	238,994	33,621	16.37
Insurance premiums-----	1,012,265	1,095,266	83,001	8.20
Liquor-----	2,065,615	2,101,494	35,879	1.74
Net income—corporation-----	3,113,376	3,487,326	373,950	12.01
Net income—individuals-----	1,826,796	1,876,153	49,357	2.70
Personal property ² -----	2,124	199	1,925	90.63
Public utility-----	2,388,954	2,625,455	236,501	9.90
Public welfare ³ -----	1,172	670	502	42.83
Real property ⁴ -----	11,122,911	11,244,842	121,931	1.10
Tobacco-----	1,216,686	1,264,361	47,675	3.92
Grand total ⁴ -----	78,830,195	85,021,683	6,191,488	7.85

¹ *Italic* type denotes decrease.² Repealed January 1, 1948.³ Repealed July 1, 1943.⁴ Adjusts \$4,475,998 in real property taxes collected in July 1955 due to delay in fixing 1955 tax rates.⁵ Collections are exclusive of collections made by the Counties, and other fees or levies administered by other Territorial Agents.

Comparative Statement Showing Allocation of Fiscal Year Tax Collections

	Fiscal year 1954-55	Fiscal year 1955-56	Increase or decrease	Percent- ages
Territorial funds:..				
Territorial general-----	\$45,737,266	\$48,522,158	\$2,784,892	6.09
Territorial highway ¹ -----	4,982,591	6,235,925	1,253,334	25.15
Territorial airport-----	827,921	1,118,893	290,972	35.14
Small boat harbor maintenance-----	49,210	71,430	22,220	45.15
Employment security contributions-----	2,263,600	2,401,330	137,730	6.08
Sub-total—territory-----	53,860,588	58,349,736	4,489,148	8.33
County revenues:..				
General excise-----	11,234,277	11,924,513	690,236	6.14
Property-----	11,125,035	11,245,041	120,006	1.08
Fuel-----	2,610,295	3,502,393	892,098	34.18
Sub-total—county ² -----	24,969,607	26,671,947	1,702,340	6.82
Grand total-----	78,830,195	85,021,683	6,191,488	7.85

¹ 1954-55 corrected to include Hawaii County Extra T. H. Tax.² 1954-55 corrected to exclude Hawaii County Extra T. H. Tax.

Comparative Real Property Tax Values and Other Related Data Covering the Entire Territory

Item	As of Jan. 1, 1955	Percent to total	As of Jan. 1, 1956 ¹	Percent to total
Assessor's gross valuation:				
Land.....	\$713,592,918	52.24	\$967,135,970	50.75
Buildings.....	652,491,993	47.76	938,664,028	49.25
Total.....	1,366,084,911	100.00	1,905,799,998	100.00
Exemptions:				
United States.....	335,382,908	24.55	421,627,006	22.12
Territory of Hawaii.....	101,697,708	7.45	151,070,104	7.93
Counties.....	46,637,213	3.42	61,344,216	3.22
Homes (fee and leaseholds):				
(1955-45,492).....	125,087,890	9.15	143,186,122	7.51
(1956-48,217).....	24,340,949	1.78	30,204,538	1.59
Public utilities.....	56,837,874	4.16	80,769,022	4.24
All others ²				
Total exemptions.....	639,984,542	50.51	888,201,008	46.61
Assessor's net taxable values.....	676,100,369	49.49	1,017,598,990	53.39
Valuations on appeal.....	3,258,786		78,576,783	
Taxpayers' net valuation.....	672,841,583		939,022,207	
50 percent of valuation on appeal.....	1,629,393		39,288,391	
Net valuation for tax rate purposes.....	674,470,976	49.37	978,310,598	51.33
Amount raised by taxation.....	11,642,964		11,108,016	
Average rate per \$1,000 value.....	17.26		11.35	

¹ The 1956 higher valuations are the result of numerous contributing factors, such as increase in value of land through new subdivisions, increase in value of improvements through new construction, increase in value of real property as evidenced by sales of willing buyers and sellers, recognition of the greater residual and economic life expectancy of various types and classes of buildings through the adoption of more realistic depreciation rates, increase from 60 to 70 percent in the uniform ratio of indicated market and depreciated replacement costs for the assessment value.

² Schools, Churches, Hospitals, etc.

Trend in Economic Conditions as Reflected by Business Volume, Wages, Dividends, Gasoline Consumption, Etc., on a Comparative Basis for the Two Fiscal Years Are Summarized From Information Obtained From Current Year's Tax Returns

Taxable Base	1954-1955	1955-1956	Increase or decrease ¹	Percentage
Gross business volume.....	\$1,457,043,743	\$1,553,819,580	\$96,775,837	6.64
Retail sales.....	541,430,775	578,815,895	37,385,120	6.90
Wholesale sales.....	248,736,464	263,171,814	14,435,350	5.80
Sugar sales.....	112,497,922	112,322,471	-175,451	¹ .16
Canning (pineapple sales, etc.).....	96,014,414	99,426,662	3,411,648	3.55
Manufacturing.....	96,254,813	103,691,167	7,436,354	7.73
Producing.....	41,192,367	39,482,344	-1,710,023	¹ 4.15
Contracting.....	80,913,603	93,262,686	12,349,083	15.26
New business licenses issued.....	7,886	8,162	276	3.50
Licenses cancelled.....	5,612	10,295	4,683	83.45
Total number of licenses issued.....	43,071	44,545	1,474	3.42
Wholesale value of tobacco sales.....	7,903,478	8,365,772	462,294	5.85
Wholesale value of liquor sales.....	16,500,279	17,472,834	972,555	5.89
Salaries and wages.....	530,089,121	561,333,286	31,244,165	5.89
Dividends.....	31,469,627	39,651,800	8,182,173	26.00
Gasoline consumption—Gallons.....	107,102,088	112,413,368	5,311,270	4.96
Diesel oil consumption—Gallons.....	23,460,142	22,436,410	-1,023,732	¹ 4.36
Aviation gasoline consumption—Gallons.....	23,654,884	31,968,376	8,313,492	35.14
Butane consumption—Gallons.....	10,586	114,335	103,749	980.06
Small boat harbor maintenance—Gallons.....	3,224,720	4,671,047	1,446,327	44.85

¹ Italic type denotes decrease.

Auditor—Summary Analysis of the Finances of the Territory of Hawaii for the Fiscal Year Ended June 30, 1956

	General fund	Special funds	Bond fund	Total
The Territory received from:				
Taxes-----	\$48,528,452.79	\$9,948,146.77		\$58,476,599.56
Non-taxes-----	13,601,052.80	24,698,867.24	\$15,000,000.00	53,299,920.04
Total receipts-----	62,129,505.59	34,647,014.01	15,000,000.00	111,776,519.60
Available cash at beginning of year-----	(8,032,931.02)	31,237,448.99	(2,115,334.31)	21,089,183.66
Total resources-----	54,096,574.57	65,884,463.00	12,884,665.69	132,865,703.26
The Territory paid out-----	60,189,666.63	35,665,089.26	16,912,052.97	112,766,808.86
Available cash at close of year-----	(6,093,092.06)	30,219,373.74	(4,027,387.28)	20,098,894.40
The cost of operating the Territorial Government for the fiscal year ended June 30, 1956 is detailed below by major functions and activities:				
Schools-----	23,747,294.51	6,677,256.61	1,292,446.07	31,716,997.19
Highways-----	63,750.65	9,430,076.01	503,609.04	9,997,435.70
Public safety-----	3,016,170.97	5,518,136.44	22,807.34	8,557,114.75
Hospitals-----	7,489,309.38	395,366.60	188,782.91	8,073,458.89
Public welfare-----	7,871,000.40	74,285.95		7,945,286.35
Utilities or other enterprises-----		4,886,761.58	351,267.03	5,238,028.61
General government-----	4,701,251.96	148,778.87	35,811.74	4,885,842.57
Health-----	2,977,267.44	537,004.93		3,514,272.37
Development and conservation of natural resources-----	1,902,497.45	969,653.48	280,007.79	3,152,158.72
Libraries-----	668,845.04	239.27	56,835.67	725,919.98
Recreation-----	58,048.06	110,297.94	282,129.56	450,475.56
Miscellaneous-----	3,581,040.91	3,082,356.97	6,555,742.37	13,219,140.25
Loans to counties from bond funds-----			7,342,613.45	7,342,613.45
Bond redemptions and interest expense-----	4,113,189.86			4,113,189.86
Unemployment compensation benefits payments-----		3,834,874.61		3,834,874.61
Total-----	60,189,666.63	35,665,089.26	16,912,052.97	112,766,808.86

EDUCATION

Department of Public Instruction

The construction of new school plants continued to be one of the major problems undertaken by the Department of Public Instruction during the school year which has just ended. It has been a problem of keeping up with an ever-increasing school population. The total public school enrollment in each of the past three years was 106,464 in 1953, 113,544 in 1954, and 119,054 in 1955. These figures are taken as of December in each year and include the enrollment from kindergarten in the elementary schools through the twelfth grade in the senior high schools. They will undoubtedly continue at a comparable ratio during the decade that lies ahead before coming to a leveling-off point.

Federal funds were very helpful in both the building and operating programs. During the year, under Public Law 815 the amount of Federal money spent for building construction was \$2,007,400. In addition to this amount, \$4,204,452 was approved for buildings which are under construction or are being planned. Requests amounting to

\$5,925,750 have been submitted to Washington and are pending at the present time. From the Federal funds allocated under Public Law 874 for operational expenses, \$1,247,896 was actually received and \$127,254 has already been approved but not yet received. These are substantial aids and it is probable that additional amounts will be received during the coming school year.

The vocational education program has been expanded to cover training in the service occupations carried on in connection with the tourist industry. This has been mainly in the hotel and restaurant occupations. Also, courses for automobile drivers who will be working with tourists have been inaugurated. The training of power machine operators for the expanding garment industry in Hawaii has also been added to the vocational education program.

A study has been made and is continuing of better ways to organize and develop instruction for gifted children whose abilities are considerably above those of the normal child. A project in this field is to be established on a pilot basis among several schools when they open in September. The results of the work in the pilot schools will be used as a guide for other schools.

The operating expenditure for the fiscal year (excluding capital outlay) amounted to \$26,283,025, as compared to \$25,070,972 for the same period in 1955. However, the yearly per capita cost (excluding capital outlay) based on average daily attendance was \$233.47 as against \$234.39 in 1955.

Educational Statistics (December 1955 Unless Otherwise Noted)

	Public schools	Private schools	Total
Kindergarten.....	10,268	3,584	13,852
Grades 1-6.....	64,907	12,682	77,589
Grades 7-9.....	24,032	5,751	29,843
Grades 10-12.....	17,898	4,600	22,498
Special.....	1,889	123	2,012
Total.....	119,054	26,740	145,794

In the field of higher education and enrollment showed an increase of approximately 10 percent over the previous year.

University of Hawaii.....	5,180
University of Hawaii, Hilo branch.....	228
University of Hawaii extension credit courses.....	933
Total.....	6,341

A survey of Adult Evening Classes at public schools, July 1, 1955 to June 30, 1956, showed 9,644 enrolled in 676 classes.

Vocational Rehabilitation—Functions.—The Division of Vocational Rehabilitation has two major responsibilities: First, to provide services which will enable the handicapped to engage in remunerative occupations; and second, to make disability determination for the Bureau of Old-Age and Survivors Insurance to protect the insurance benefits of persons who were engaged in employment covered by Social Security laws.

It is a Territory-Federal financed program with greater participation by the Federal Government in the case of the Vocational Rehabilitation program. The Federal Government assumes the entire cost of the Old-Age and Survivors Insurance Program.

New Developments.—The year was characterized by many changes. Act 231, Session Laws of Hawaii 1955, "The Vocational Rehabilitation Act of Hawaii," identified the division as an agency separate from the Department of Public Instruction, directly responsible to the Territorial Board for Vocational Education. This gave the division flexibility of operations to meet rapid changes resulting from new Federal legislations. It also benefited the Department of Public Instruction by freeing its top administrative staff for educational matters.

Public Law 482, 83d Congress, "The Vocational Rehabilitation Amendments of 1954" and Act 231, Session Laws of Hawaii 1955, which enabled the Territory to receive Federal grants by its enactment, broadens the scope of vocational rehabilitation services in the nation and Hawaii. This enabled the division to provide services to disabled persons not served before or served inadequately.

Vocational Rehabilitation of the Industrially Injured.—Transfer of funds between the Bureau of Workmen's Compensation and the division enabled the latter to receive \$3,000 in a special grant from the Office of Vocational Rehabilitation. Since inception of this project in March 1956, 41 cases have received or are receiving vocational rehabilitation services.

Alcoholism Clinic, Department of Health.—Special funds of \$2,027 from the Office of Vocational Rehabilitation in May 1956 enabled the clinic to purchase equipment necessary for diagnosis and treatment of alcoholics. The alcoholics represented a group which could not benefit from services of the division but the establishment of the clinic does hold promise of eventual rehabilitation.

Rehabilitation Center of Hawaii.—Public Law 482, 83d Congress, "Medical Facilities Survey and Construction Act," has enabled the Kauikeolani Children's Hospital to receive approximately \$150,000 from the United States Public Health Service. This sum, matched by the hospital's funds, will be used to construct a comprehensive

rehabilitation facility for treatment of the severely disabled children and adults. The Division of Vocational Rehabilitation, with the Department of Health, defined need for such a facility and made appropriate recommendations to the United States Public Health Service. This facility will be completed in January of 1957 and will enable the division to reach and provide services to individuals who were not adequately served in the past.

Old-Age and Survivors Insurance.—Social Security Amendments of 1954 provide for the preservation of benefit rights of totally disabled individuals. This is done by eliminating those periods of disability a wage earner is disabled in determining his average monthly earnings. Since monetary benefits represent a percentage of the average monthly earnings, a determination of disability has the effect of increasing benefits to the insured person or his beneficiaries.

In August 1955, an agreement was made between the Department of Health, Education and Welfare and the Territory of Hawaii, to execute the program of disability determinations. The Division of Vocational Rehabilitation has been given this responsibility.

Actual operations began on January 1, 1956, and the division received \$8,096, the full 6 months cost of the program, from Bureau of Old-Age and Survivors Insurance.

Results of operations follow:

	Percent
Number determined disabled-----	136 61
Number determined not disabled-----	85 39

The percentage approximates national trends. Nationally, the percentage determined disabled was 60 percent and 40 percent determined not disabled.

The Bureau of Old-Age and Survivors Insurance has determined that the disability determination program has increased monthly benefits to the insured person and to beneficiaries as follows: \$10.16 insured person, \$5.52 wife or husband, and \$5.95 children of insured.

This is a national average and is based on results of experience from July 1955 to February 1956.

Vocational Rehabilitation Service.—Increased appropriations made possible the establishment of an office on Kauai in January 1956. Up to then 18 persons had been awaiting services and an additional 24 persons applied for services when the office was established. This means that the division now has offices in all counties in the Territory.

The division spent \$87,440 in general appropriation funds and \$150,729 special funds from the Office of Vocational Rehabilitation for the vocational rehabilitation program.

	1954	1955	1956
How many people were returned to gainful occupations-----	172	159	183
Who were these people?			
Sex: Male -----	113	96	130
Female -----	59	63	53
Classifications: Veteran-----	9	8	14
Nonveteran-----	163	151	169
Average age-----	27	27	28
Marital status: Single-----	120	121	131
Married-----	39	29	37
Other-----	13	9	15
Employment:			
Never worked-----	51	51	46
Worked part of the time-----	64	41	73
Worked most of the time-----	57	67	64
What were the reasons for their handicaps?			
Accident-----	28	25	32
Illness-----	117	114	131
Congenital-----	25	18	19
Other (military)-----	2	2	1
Total average cost per person rehabilitated-----	\$1, 274	\$1, 294	\$1, 260
These are the kinds of work they are now doing:			
Professional-----	19	12	25
Clerical-----	51	37	43
Personal service-----	23	24	24
Agriculture-----	6	5	8
Skilled-----	20	28	22
Semiskilled-----	31	25	31
Unskilled-----	7	9	19
Family and home worker-----	15	19	11
Did rehabilitation pay?			
Total annual earnings before rehabilitation-----	\$24, 128	\$22, 100	\$11, 024
Total annual cost for support from public funds before rehabilitation-----	26, 312	25, 376	45, 968
Total annual earnings after rehabilitation-----	295, 152	330, 720	361, 608

Rehabilitation Advisory Committee.—The committee was established by the Territorial Board on September 28, 1955. During the year the committee devoted its time orienting itself to its responsibilities. A major part of its time was devoted to providing guidance to the division in defining how the needs of the community could be met. Problems involved were the organization of the division and the extent to which the division should attempt to meet the demands for services by various types of disabled persons.

Case Finding.—Closely allied to the Rehabilitation Advisory Committee's activities was the division's case finding program. Work procedures were established with the Department of Public Welfare to provide rehabilitation services to an increasing number of dependent, handicapped persons. Between July 1, 1955 and June 30, 1956, the number of disabled, dependent persons seeking the division's services totaled 45.

Plans.—The division's objective for the 1957 fiscal year is twofold: Rehabilitating 200 handicapped persons. This is compared with the 183 persons rehabilitated last year with approximately \$5,000 less being available in 1957.

Clearing a backlog of 484 applications for disability determinations. This backlog is a result of the initial rush of applicants in 1955. Of this number there are approximately 285 applicants age 50 and above who will benefit by Social Security Amendments of 1956 providing for cash benefits if they are determined disabled.

Sight conservation and work with the blind—General Services—Social Casework Services.—General Services Division has continued to provide social case work services to each infant, child, youth, and adult who is blind or suffering with a visual problem. Services provided to 1,311 individuals included planning with clients in regard to medical examination, treatment and surgery, optical appliances, blind aids and benefits (canes, talking book machines, whistles, radios, transportation badges, tax exemption, etc.), and the many social problems created by or related to the eye problem—such as family and client's attitude (fears, doubts, misunderstandings), financial needs, budgeting difficulties, education, transportation, recreation, employment, housing, and especially adjustment to the handicap created by severe visual defect of blindness.

The year started with an 8 weeks summer training program for 18 preschool blind children and their sighted siblings at Central Union Church. This was made possible by a grant of \$3,000 from McInerny Foundation and of \$510 from the Lions Clubs. Much value was derived, not only by the children, but also by their teachers and parents, the latter of whom observed many sessions. This makes possible the easy acceptance of and adjustment for the blind child to start school in his district school, rather than being segregated at Diamond Head. Ten children were attending kindergarten and first grade this year, before transferring to Diamond Head for first or second grade where they will receive braille and arithmetic instruction, especially needed for blind students. In cooperation with the Department of Public Instruction, arrangements also were made for two students to attend Washington Intermediate School on a part-time basis.

Registry of the blind.—The Bureau is mandated to keep a registry of all blind persons in the Territory. In spite of the fact that registration is not mandatory for the blind, we are confident that our register of 697 as of June 30, 1956 (80—Hawaii, 73—Kauai, 85—Maui and 459—Oahu) is reasonably complete. Eight individuals had their sight restored during the year (1—Hawaii, 2—Kauai, 3—Maui and 2—Oahu) as a result of proper treatment.

Earlier detection and treatment of glaucoma, which causes much blindness, has been a continued one. The Bureau staff continues to assist individuals in getting necessary medical care for the discovery and preventive treatment of this disease.

The efforts in prevention of blindness have provided reason for gratification in the accomplishments of the past 2 years. We have witnessed the consolidation of the dramatic victory won by research

over the eye disease with the difficult name—retrolental fibroplasia—the cause of blindness in premature babies. In 1955 and as of June 30, 1956, there were no reported cases.

Sight conservation services.—It is known that over 75 percent of all blindness is preventable if proper education and medical attention is provided at the right time.

Vision testing.—As a result, the vision testing and eye medical care followup programs are carried on annually from kindergarten through grade 12 in each public and parochial school in the Territory and in other private schools when requested.

Eye Clinic.—To facilitate followup eye medical care, the Bureau, in cooperation with the Lions Clubs, has continued to assume responsibility for organizing and supervising eye clinics in certain rural districts in the Territory where ophthalmological care is not available. These clinics were held on Lanai, Molokai, Maui, and Hawaii with a total of 457 in attendance.

Community Projects—Multiple Test Survey.—The Board of Health, Public Health Nursing and the Bureau of Sight Conservation participated in the multiple test survey of children who are Department of Public Welfare recipients. This was the first time such a survey was attempted, to see that students entering kindergarten, first and fourth grades were given a general physical examination, inoculation, hearing and vision tests.

Survey Among Hansen's Disease Patients.—As requested by the Board of Health, Division of Hansen's Disease, Bureau workers organized and administered the vision testing survey at Kalawao, Kalau-papa, and Hale Mohalu. 155 patients were vision tested at the institutions, of which 93 or 60 percent were found to have visual defects.

Vision Testing and Medical Follow-up

	Hawaii	Kauai	Maui	Oahu	Total
Enrollment.....	18,329	8,193	13,581	97,820	137,923
Number vision tested.....	18,301	8,193	13,429	94,619	134,542
Number visual defects.....	2,331	1,111	1,899	12,402	17,743
Visual defects.....percent.....	12.72	13.56	9.89	12.68	12.86
Number followup complete.....	2,164	895	1,564	9,555	14,278
Followup complete.....percent.....	92.84	80.56	82.36	77.04	80.47
Conference with individuals.....	3,534	3,384	2,921	18,742	28,581
Rural eye clinics.....	196	-----	261	-----	457
Monthly eye clinics.....	469	-----	-----	-----	469

Community education.—Sight conservation and prevention of blindness is a many sided job. Month in, month out, the Bureau provides informational and educational services to individuals, groups, agencies and organizations.

	Hawaii	Kauai	Maui	Oahu	Total
Demonstrations to school faculties.....	57	22	46	133	258
Number of exhibits.....		1		2	3
Number of radio programs.....		3		2	5
Number of speeches.....	1	6	2	27	36
Number of films shown.....	2		2	16	20
Number of demonstrations to community.....				10	10
Number of television programs.....				3	3
Theater mat slides.....	7	13	7	18	45
News releases.....	5	5	6	21	37

*Vocational Rehabilitation**Fiscal year
1956*

Total caseload for the year.....	102
Number of cases investigated only.....	26
Number of cases which received one or a combination of the following services:	
Counseling and guidance.....	28
Examinations.....	25
Surgery and medical treatment.....	49
Prosthetic appliances.....	9
Hospitalization.....	4
Training and training supplies.....	45
Maintenance and transportation.....	44
Occupational tools.....	9
Number of clients attending the Rehabilitation Center for the Blind and Visually Handicapped 8 weeks, summer 1955.....	24
Number of clients in training.....	43
Number of clients rehabilitated.....	5

Braille and Transcribing Division.—With the exception of the braille specialist and typist, the staff of this division consists entirely of sighted volunteers. As of June 30, 137 volunteers had rendered service, 39 of this total had served in more than one capacity, such as typist, proofreader, reader-proofreaders, braillists, braille students and readers.

A total of 33 large type books, 4 braille books, 5 large type pamphlets and 1 braille pamphlet were transcribed and used this past year. The total number of pages transcribed amounted to 15,213—9,710 in large type and 5,503 in braille, which required 5,825 hours of volunteer help.

Training Center.—Within the existing limitations of personnel and building, this year we have concentrated on the craft phase of the program. By doing so, we also have explored possibilities of the development of a home industry program. Projects have been introduced in the production of cloth buttons, ironing board covers, lauhala weaving, rubber mats and mop heads. During the 9 months of operation of this presently combined program, the total earnings of blind individuals amounted to \$1,374.44. Of this, \$1,015.14 was received through the button project in which 11 blind individuals,

both men and women, participated. An additional four blind persons worked only on some of the other projects.

Territorial Shop for the Adult Blind

	<i>Fiscal year 1955-56</i>
Operational Report:	
Number employed-----	23
Full-time equivalent-----	21
Brooms manufactured-----	65, 156
Mops manufactured-----	12, 992
Chairs recaned-----	160
Coconut buttons and crafts manufactured-----	581, 383
Sales of manufactured articles-----	\$82, 552
	<hr/>
Total wages to blind employees-----	\$31, 158
Raw material and other expense-----	44, 800
	<hr/>
Total expenditures-----	\$75, 958
Average Monthly Earning of Blind Employees:	
Broom production-----	\$134. 73
Mop production-----	136. 63
Coconut craft production-----	105. 05
Chair recaning-----	105. 34

Following is the sales distribution of blind made products for the fiscal year ended June 30, 1956.

	Amount	Percent- age
Private wholesalers-----	\$37, 629	45. 6
Lions clubs-----	24, 887	30. 1
Federal agencies-----	9, 414	11. 4
Territorial agencdes-----	3, 072	3. 7
City and county agencies-----	7, 550	9. 2
	<hr/>	<hr/>
	82, 552	100. 0

Business Enterprise Program

	Oahu	Hawaii	Maui	Kauai	Total
Stands in operation-----	16	3	2	2	23
Number blind employed-----	23	3	2	3	31
Number stands reporting-----	16	3	2	2	23
Gross sales-----	223, 662	19, 683	5, 512	20, 341	269, 198
Purchases-----	175, 029	15, 120	4, 309	15, 467	209, 925
Gross profit-----	48, 770	4, 572	1, 197	4, 934	59, 473
Ratio of gross profit to sales----- percent	21. 8	23. 2	21. 7	24. 3	22. 1
Wages to blind assistants-----	15, 703	7	-	285	15, 995
Net stands earnings-----	31, 919	4, 053	1, 150	4, 265	41, 387

Commission on Children and Youth.—The Commission has been involved in three major studies outlined for the biennium. These are:

Community Responsibility for Our Gifted Children.—Subcommittees have pursued the following areas of the subject: (a) Resources

and possibilities for selecting and training teachers to work with children of unusual abilities. (b) Extent of our gifted population, and methods of identifying them. (c) Existing community resources for assisting and stimulating these children and evaluation of these as to adequacy. (d) Methods of creating community interest and concern for gifted children.

Committee members have given many voluntary hours to deliberation on the extent of the problem and possible programs that may be helpful. The subcommittee studying Item (a) listed above has completed its assignment. There are specific recommendations made as to the necessary qualifications for teachers of gifted children. There are also recommended ways whereby the teaching of gifted children and the personnel hired to do so be better achieved. Currently under study are the results of two surveys covering the numbers of children in both private and public school who might be considered gifted, and the methods and programs that the schools have or need to have to help these children work up to their capabilities.

Family Life Education in the Territory.—A survey of existing facilities and programs to strengthen family life is being conducted by this committee. Preliminary results indicate that one of the greatest stumbling blocks is to make these programs acceptable and desired by families who most need them.

Because of its concern over this, the Hawaii County Committee on Children and Youth attempted an experiment by establishing a school for parents of delinquent children. Forty-four parents whose children had come to the attention of the Third Circuit Court were "invited" to attend 12 weekly sessions devoted to talks and discussions on problems affecting relationships in families.

In its preliminary evaluations, the Hawaii Committee made some recommendations, among which are: (a) That this program of educating parents for healthier family relationships be continued. (b) That primary emphasis be on the preventive and educational, rather than the therapeutic aspects. (c) That opportunities be opened to all parents who voluntarily wish to enroll, though consideration be given to the merit of having this program geared to parents with delinquent or pre-delinquent children.

Illegitimate Children.—Early discovery and care of girls illegitimately pregnant will make for more effective rehabilitation and better protection for the children. On the premise of this, the Commission's committee has completed a brochure which strongly urges unwed mothers to seek medical and counseling help early.

The subcommittee studying legal aspects of illegitimacy is seriously considering the processes of legitimization. Under present statutes

fathers of illegitimate children have no rights to their children, even with voluntary admission of paternity.

In addition to the above named territorial projects, county committees have carried on independent programs. Resolutions for fluoridation of water, better control over sale of fireworks, enforcement of curfew, and maintaining of standards for youths working as entertainers were passed by Oahu and Maui County Committees.

Research on adequate and desirable detention facilities for Maui is a main project for that committee. Kauai and Maui gave much thought to programs for mentally retarded children. Hawaii County is in the process of making a survey of youth needs for organized recreation.

University of Hawaii

Registration at the University of Hawaii increased approximately 10 percent over the previous year, the largest increase since 1948. The registration as of October 1955 was 5,180 on the Honolulu campus exclusive of students in extension classes. Two hundred twenty-eight students were at the Hilo Branch; in addition, 933 credit students were registered in extension classes. The major increases were in the teacher training and engineering programs.

The new library was completed in time for use during the second semester and was formally dedicated and named the Gregg M. Sinclair Library on May 4th. The additional agricultural building is under construction and should be available the early part of the next academic year. The old library building is being converted to classroom use and is scheduled for completion by the opening of the first semester. Failure to complete the building as scheduled would result in very serious difficulties with regard to classroom and office space. Plans for the new gymnasium, the teachers college building, and the men's residence hall are completed and construction should begin shortly. The indefinite delay in the transfer of Sand Island to the Territory and its sale for industrial purposes, with the University as the beneficiary, will seriously handicap our building plans and will make it necessary to ask the next legislature to provide these facilities since they are badly needed to take care of rapidly increasing registration.

During this past year, steps were taken to expand greatly our teacher training program. Practice teaching facilities on the campus has been the largely restricting factor in the program in the past. Many more are being admitted to the teacher program with the view to having them do their practice teaching in the public schools under the supervision of the university. In addition, an emergency teacher

training program has been set up to give special training to graduates in arts and sciences. The present program is designed to produce eventually 425 teachers each year.

Our summer session program continues to grow. Four thousand eight students attended summer courses on the Honolulu campus; 306 on the Hilo campus, 562 at extension centers. Nine hundred fifty-eight students were from the mainland. These figures do not include those who attended the advanced management program operated by the university with a staff from the Harvard School of Business Administration or the 6-week orientation program for foreign students operated by the university for the International Institute of Education and the State Department.

Some of the more significant developments in agricultural experiment were in the field of production and processing of passion fruit, revised system of coffee culture, the feeding of dairy cattle, and the fertilization of range grasses. New developments in the field of agricultural extension include the setting up of a new office in Honokaa and the establishment of a livestock and crop reporting service.

The university's budget for the fiscal year 1955-56 totaled \$5,076,438 exclusive of projects and auxiliary enterprises. The sources of these funds were Federal, \$476,819; Territorial, \$3,186,356; university income from student fees and sale of services, \$1,413,263. At the end of the period, full time faculty members numbered 441; civil service employees, 353.

Libraries of Hawaii

Library of Hawaii.—The Library of Hawaii continued to show evidence of increased use of all of its facilities by the people of Oahu. A total of 1,427,509 books, periodicals and pamphlets were circulated during the past year. Of these, 616,323 were children's books and 811,186 were from the adult collection. Branch libraries accounted for 76,886 out of the total gain of 101,812 over the previous year.

The number of registered borrowers increased from 87,684 in June 1955 to 94,118, a gain of 6,434. About one-third of these, 32,242, were children. In addition, an estimated 250 unregistered adults borrowed from the deposit stations and about 3,500 school children from the bookmobile, making a total of 97,898 persons to whom books and other material were loaned.

Service was available through the main library building with its 6 subject departments, 7 branch libraries, 20 adult deposit stations and 5 special summer loan collections. Due to the increase in size of the school population, the bookmobile could visit only 23 rural schools on a 4-weeks basis. Plans were being made to extend this phase of the

work by the purchase of two additional bookmobiles—one to serve schools and the other adults in the smaller communities. Funds for this will be made possible by Federal aid through the Library Services Act passed in June of this year.

Reference and information assistance forms an important part of the service rendered by the Library of Hawaii. A total of 105,202 such requests were received last year—on topics ranging from the grafting of mangoes to the lifting power per cubic foot of helium. These questions came frequently by telephone, sometimes by mail, most often from patrons who visited the main library.

One of the most frequently used sections of the main library was the philosophy, religion and education room due to the increased interest in the teaching of reading and public education in general. The young adult section was overwhelmed with the teen-agers who flooded in after school, evenings and Saturdays. With the aid of funds donated by the friends of the library, it was possible to establish young adult collections in all of the branch libraries to take care of their needs.

An extensive service to children was again carried out in the Main Children's Room and the seven branch libraries. A total of 1,275 school classes visited the library during the year, with an attendance of 44,115. In addition, 87 extra story hours with a total attendance of 2,483 were given in the libraries or on playgrounds.

The Library of Hawaii is especially proud of its collection of audio-visual material which supplements the book collection and enriches life through sight and sound. Its 34,995 mounted pictures were used by teachers, artists and students. A collection of 5,489 phonograph records and 46,724 talking book records was in constant demand. And its 843 films were viewed last year by an estimated 746,976 persons in libraries, schools, clubs, churches and homes.

Kauai Public Library.—With a total increase of over 60,800 in circulation, the Kauai Public Library has surpassed last year's high record. While its cost per capita has decreased from \$3.05 to \$2.85, it has shown an increase in the number of books borrowed from 8.1 per capita to 10.15; in the percent of population served from 39.8 to 40 percent; and in the book collection from 1.59 volumes per capita to 1.74.

Although the bulk of the increase in circulation was due to the first full year of service at the new Kapaa branch, there were substantial gains in the other two branches, the central library and bookmobile. This growth is credited to the fact that there is now an adequate book fund with which to buy new titles and replace wornout and obsolete volumes.

The most potent public relations activity has been carried out through the friends of the library which are now organized in the three branches and the central library. The friends sponsored a series of programs in the libraries, including Japanese dances by the Waka-gaeri Kai group from Kealia, children's dances by a Buddhist church group, talks by visiting authors and several illustrated travel talks. The friends also keep the libraries supplied with flower arrangements and interesting local and visiting exhibits.

Girl Scout volunteers have given much valuable assistance in the libraries and have been especially helpful during the summer when staff members have been on vacation.

The acting children's librarian has conducted an excellent program of story telling during the year, telling 199 stories to over 7,000 children in the central library and branches and on bookmobile trips. She also gave 58 book talks to over 2,000 children. The service to children is outstanding for it is now possible to reach every school on the island with either the bookmobile or a branch library.

Maui County Free Library.—1956 marks the 35th year of library service in the county of Maui.

This past year 278,818 books, periodicals and pamphlets were loaned for home use to the residents of Maui, Molokai and Lanai, an average of 6+ books per capita.

The Maui County Free Library started with a book collection of 4,998 in 1921; today it has a book stock of 62,209 and other materials including 10,967 pamphlets, classified and easily accessible to the reading public; 1,104 mounted pictures, which can be borrowed for home, school or church use; 1,169 phonograph records, which may be taken home or played in the library's modern listening rooms; 8,634 unbound periodicals for reference and home use. 196 current magazines and 23 newspapers are available in the libraries of Maui County.

A well-trained, qualified staff of librarians gives readers' advisory service to library users of all ages and answers questions posed by businessman, housewife, and student. Last year 5,207 books were reserved at the request of patrons; 12,023 reference questions were answered. 25,725 school children visited the libraries with their classes; 887 attended story hours. Members of the library staff gave 15 talks to various community groups on books, reading and use of the libraries.

The residents of rural Maui are served by two modern branch libraries, one in Lahaina and one on Molokai, an attractive reading room on Lanai run jointly by the library and the Hawaiian Pineapple Company, and six smaller stations. Two bookmobiles bring books and librarians to the schools on Maui and Molokai.

Actually, the Lahaina branch is the only branch library in Maui County which is adequately staffed and equipped to give the kind of services described by the American Library Association; Maui's other distributing agencies in rural areas have small book collections, no professionally trained staff members and are open only a few hours a week. The rapidly growing community of Kahului (1956 population estimate, 9,106) has no branch library service.

Hawaii County Library.—Residents of Hawaii County borrowed a total of 440,923 books, pamphlets, periodicals and other materials between July 1, 1955 and June 30, 1956—12,676 more than during the previous year. Circulation continues to increase each year and it is interesting to compare the circulation figures of a few years ago with those of this report period. 364,255 books, etc. were borrowed during the year ending June 30, 1952 as compared to 440,923 during the year ending June 30, 1956. Since population statistics show a decrease of about 2,000 in that time, this constant circulation gain can only be attributed to an increasing awareness on the part of Hawaii County residents to the value of library service—an increasing awareness of the opportunities offered by their library for education, culture, information, and recreation.

In addition to library use shown by circulation figures, the public has indicated by attendance and comment a great interest in other library services offered. Exhibits have been almost continuous and included fine arts, industrial arts, and applied arts. One of the outstanding exhibits was the Museum in Miniature from the Bernice P. Bishop Museum. This was on display for 1 month at the main library and in addition to those viewing it independently, 2,497 school children, scheduled by schools and classes, visited the exhibit. The Children's Librarians conducted these tours, giving talks on the exhibit. The Museum in Miniature was displayed for shorter periods in two of the branch libraries. The film programs, scheduled twice monthly, continue in popularity. The meetings of the Hawaii Archeological and Historical Society, held in the library, have resulted in an increased interest in the Hawaiian collection.

The Young People's Librarian visited every high school on the island at least once during the year, giving talks and book reviews.

Use of the branch libraries continues to grow. Not only has there been an increase in the number of books circulated, but also in that of borrowers registered. Additional hours of opening have been scheduled at the Honokaa and Kona branches at the request of groups of patrons.

The Catalog Department prepared 5,132 books, pamphlets and phonograph records for the use of our patrons. 3,643 books were repaired and returned to use by the Mending Department.

The following table shows how Hawaii's libraries stand in comparison to American Library Association standards for average library service:

Statistics Compared With A. L. A. Standards

	A. L. A.	Kauai	Maui	Hawaii	Oahu
Population.....	29,512	46,373	64,630	375,886	
Number of borrowers.....	11,840	9,715	17,802	97,368	
Percent of population served.....	35	40	20.95	27.5	26
Total expenditure.....	\$84,208	\$88,633	\$81,173	\$432,185	
Expenditure per capita.....	2.25	2.85	1.91	1.26	1.15
Book stock.....	51,382	62,209	93,291	264,612	
Volumes per capita.....	1.50	1.74	1.34	1.44	.70
Number of books borrowed.....	299,658	278,818	430,034	1,426,969	
Books borrowed per capita.....	6.0	10.15	6.01	6.65	3.79
Cost per book borrowed.....		.28	31.7	.189	.30
Staff employed.....		26	26	39	117
Full time.....		21	14	17	105
Part time.....		5	12	22	12

Public Archives

Consolidation and coordination were the two main tasks of the Public Archives during the past year: The consolidation of the files of index cards, publications and documents, and the coordination of the work of the Archives with that of the libraries and other institutions in the Territory.

Several miscellaneous files of books, pamphlets and documents were checked for duplication, about 350 titles were added to the reference library, and the rest added to the duplicate collection. All periodicals and newspapers were placed together and a complete checklist of holdings made.

The publications issued by Hawaiian government agencies, whether monarchy, republic or territory, were filed by issuing office, and a card file of the Archives' holdings made.

In a meeting to coordinate the work of libraries and the Archives, it was decided that the Archives would concentrate on Government records and Government publications, and leave general historical matters to the libraries and the Hawaiian Historical Society. Such publications as business reports, plantation reports, local periodicals, school annuals, and technical agricultural reports, already available in the Library of Hawaii, the University of Hawaii, or the experiment station libraries, will no longer be collected by the Archives. Newspaper indexing, now being done at both the Library of Hawaii and the University of Hawaii, will be limited to subjects dealing with the territorial and local governments.

Stricter controls were placed on the Archives' materials while in use. Readers are not restricted any more than formerly, but all

records are more carefully checked out and in by the Control Desk.

The purchase of a Verifax copier during the past year has greatly simplified the work of issuing certified copies of documents.

The first major microfilming project was undertaken when the Journal of the 1955 House session was received.

Rules and regulations were issued concerning the disposal of records in territorial offices, implementing the 1949 Records Disposal Act.

*Statistical Report
1955-56*

Patrons-----	2, 593
Government employees-----	524
General public-----	2, 069
Material used-----	items 7, 872
Documents-----	943
Ships' manifests-----	579
Newspapers-----	3, 104
Books, periodicals, pamphlets-----	2, 589
Photographs-----	657
Certified copies issued-----	480
Certificates of arrival-----	91
Other documents-----	389
For Government offices-----	69
For general public-----	320

Commission on Historical Sites

Assistance was requested of and generously given by the Board of Water Supply in clearing the approach to the Summer Palace of Kamehameha III at Luakaha, Nuuanu Valley, and in placing a handsome bronze marker on the site.

The Commission furnished a bronze marker for Keaiwa Heiau, Aiea Heights, which was installed by the Board of Agriculture and Forestry.

An important ancient agriculture site was discovered in Kalihi Valley and steps were taken by the Commission to prevent its partial destruction by the new highway plans. Assistance was given by the Public Works Department in moving the portal stones and plans made to restore the entire site after the highway, at this point, is completed.

A bronze marker was furnished by the Commission for Ulupo Heiau, Kailua, and delivered to the Board of Agriculture and Forestry for installation there.

The interest and assistance of Dr. James Shoemaker, chairman, Tourist Development Committee, was sought for promoting the reclamation of historical sites as an important tourist entertainment feature.

The Commission requested the gift of an important sacred stone to Bishop Museum's Hawaiian collection by the Honolulu Academy of Arts and secured the assistance of the Department of Public Works in moving the four-ton stone to its new location.

Assistance was requested of the Rockefeller Foundation for the rehabilitation of Iolani Palace at an estimated cost of a half million dollars.

Commission members met with Chinn Ho of Capital Investment Co. to ask protection of one of Oahu's finest sites, Kaneaki Heiau, located on his Makaha Valley property. Mr. Ho, gave assurances of full cooperation in fencing and marking the site, the Capital Investment Co. to pay all costs of the project.

Kauai.—Four markers were placed on the following sites: Polihale Heiau, Malae Heiau, Kukui Heiau and The Old Canoe Factory. Marking of sites on tax maps has continued.

Maui.—Assistance was requested and received from the County Parks Department for cleaning up and repairing the historical "Old Prison." The Commissioner contributed \$25 for a revocable permit for a piece of Territorial land at Keoneoio upon which a volunteer caretaker may build his house. The work on the tax maps continues.

Hawaii.—A map made by Rebecca Banks of all known petroglyphs on Hawaii Island was filed in the Archives.

The preservation and possible restoration of a small beach area used by American Factors was suggested by the Commission. The area, site of Ahuena Heiau, residence of Kamehameha the Great, and landing spot of the first missionaries arriving in these islands, is considered the most important historic site on Hawaii. No action was taken by the company on this.

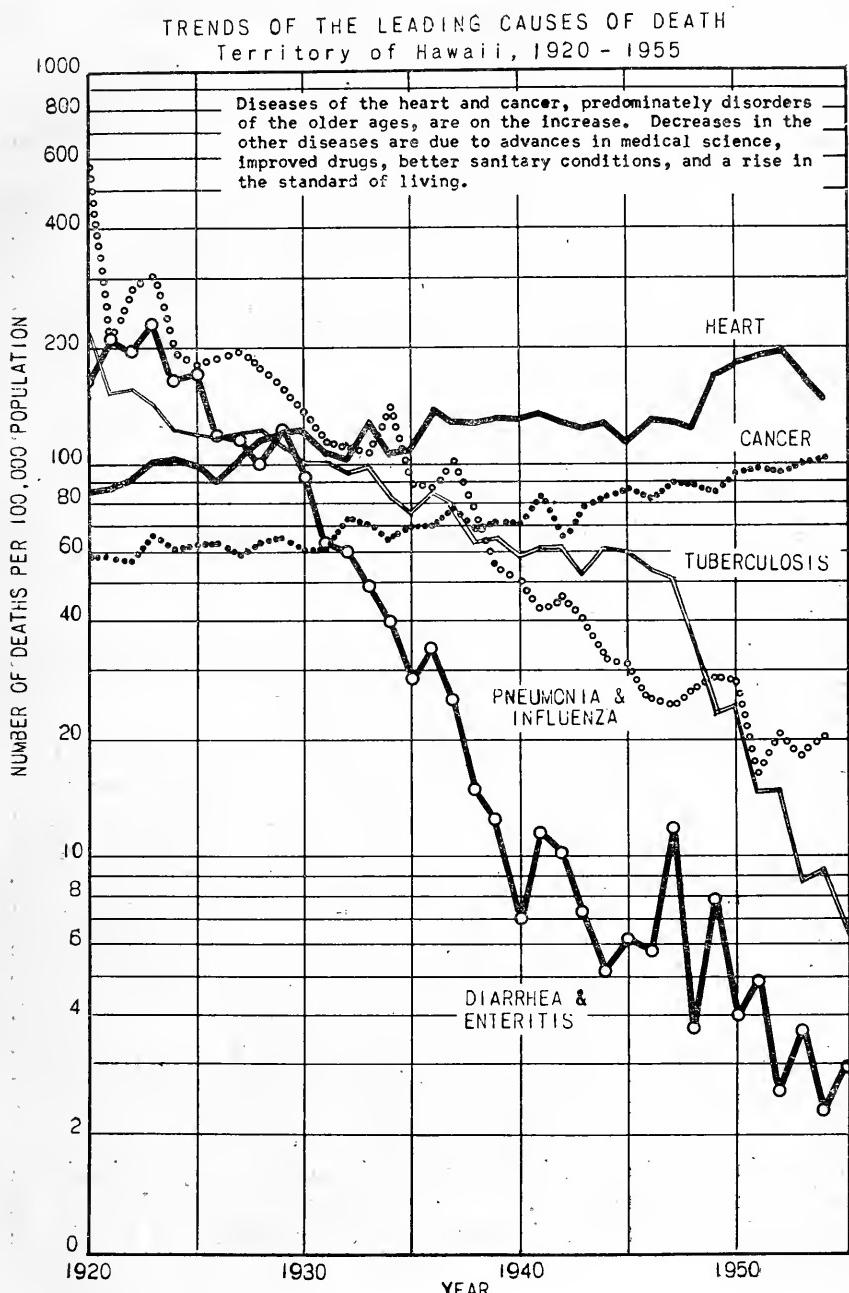
HEALTH AND WELFARE

Department of Health

During the fiscal year, several new programs or studies were initiated. These programs reflect the changing trends in public health to meet the health problems of the community so that the people may enjoy optimum health and maintain their ability to contribute to the islands' economy.

Polio Program.—The polio vaccine program was reactivated in October after it had been suspended nationally. The school inoculation program of children who last year had been in the first and second grades took place the end of October. Although the percentage of parents consenting to have their children vaccinated was lower

than in the spring, it was considered to be fairly good considering the unfortunate start of the program last year.



Polio reached epidemic proportions among navy personnel and their dependents during the second quarter and a "crash program" of polio vaccine was started. Results of this program showed the epidemic was checked and gave evidence to the Nation that vaccine can be used during an epidemic without hazard.

The use of polio vaccine was encouraged for civilians in the priority groups; however, the vaccine was in short supply, and during the last few months of the fiscal year there was not enough available to vaccinate those who were eligible.

Hansen's Disease.—After several years of negotiation, the Delegate to Congress and the Department of Health succeeded in getting the land on which Hale Mohalu Hansen's disease institution hospital is located on Oahu, transferred from the Federal to the Territorial Government. Until now, the Territorial legislature has been reluctant to provide capital improvement for this institution because the land did not belong to the Territory.

A contract was let for the construction of nine new cottages at Kalaupapa. Materials for the cottages were shipped and construction started near the end of this fiscal year.

At the close of the fiscal year, there were a total of 196 active Hansen's disease patients hospitalized; 107 of these were at Kalaupapa and 89 were at Hale Mohalu. There were also 116 temporary release patients residing at Kalaupapa, and 8 out-patients temporarily receiving medical care at Hale Mohalu. The number of released patients residing at home and receiving medical supervision and treatment through the division's clinic facilities totaled 137.

During the 12-month period from July 1, 1955 to June 30, 1956 the diagnosis of Hansen's disease was established for 19 new cases. Of these, 13 were isolated at Hale Mohalu and 6 were immediately released to continue treatment as out-patients. Temporary release was granted to 38 patients at Kalaupapa, of whom 37 retained their residence in the settlement, and to 12 patients at Hale Mohalu, all of whom returned to their homes. There were 6 deaths among active patients, and 7 deaths among released patients. Ten released patients were granted final discharge from further observation or treatment.

Alcoholism Clinic.—Through legislative action, 5 percent of the liquor license fees collected on Oahu have been allotted to the Department of Health for an alcoholism clinic which started in October. The total budget for the fiscal year of \$11,634 provided the services of a part-time staff of an internist who is director, a psychiatrist, a social worker, and a clerk. After the program started, the caseload increased so that the clinic hours were extended from 4 to 6 hours per day.

Sanitation—Air Pollution.—The proposed oil refinery to be located on Sand Island at the entrance of Honolulu harbor made it necessary for the Staff of the Division of Sanitation to make a careful study of the possible effects this would have on air and water pollution. At the request of the department, the United States Public Health Service sent three men to evaluate the possible effect of the proposed refinery. During their visit, these men secured information on weather, offshore currents, the fishing industry, and the nature of the existing industries in Honolulu, and conferred with many groups, including the Chamber of Commerce, the City Planning Commission, the Board of Health, and orchid growers. Their report was completed and received by the Department of Health on December 28, 1955.

Throughout the fiscal year, the staff has been working on a set of air pollution control regulations. Much time is needed to study these regulations and to solicit the opinions of people in the community.

The Governor approved the Department of Health request to negotiate a contract with a private research firm. The study, estimated to cost approximately \$45,000, is to conduct a baseline survey on the kinds and amounts of pollutants presently in the atmosphere.

At the suggestion of the President of the Board of Health, the public health committee of the Honolulu Chamber of Commerce recommended an allotment of \$3,000 to conduct an air and water sanitation institute in Honolulu.

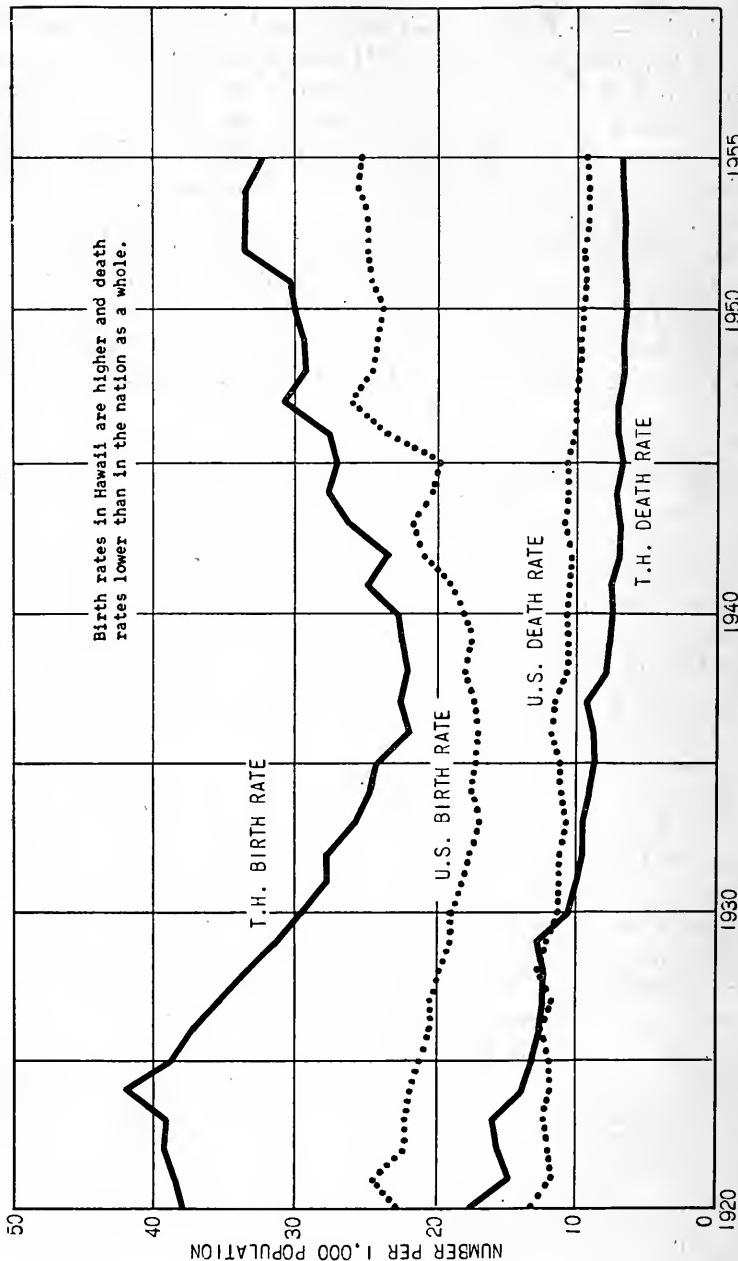
Radiological Monitoring.—The Bureau of Industrial Hygiene was designated by the PHS-AEC as the official radiological monitoring station for Hawaii to be operated in conjunction with the spring 1956 nuclear test exercise at Eniwetok. This station is one of 41 such stations scattered throughout the United States, Puerto Rico and Alaska. Equipment and supplies for this program were furnished by the PHS in Washington, D. C. The station was put into a 24-hour, seven-day week operation beginning April 18, 1956, at 8:00 a. m. To date, no appreciable fall-out from the South Pacific nuclear tests has been detected. A fall-out tray was added during May and samples collected are sent regularly to the New York laboratory of the Atomic Energy Commission for analysis.

Plague Control.—Plague infection continues to smoulder in the Hamakua district on the Island of Hawaii. During the year, there were four infections detected in fleas or rats.

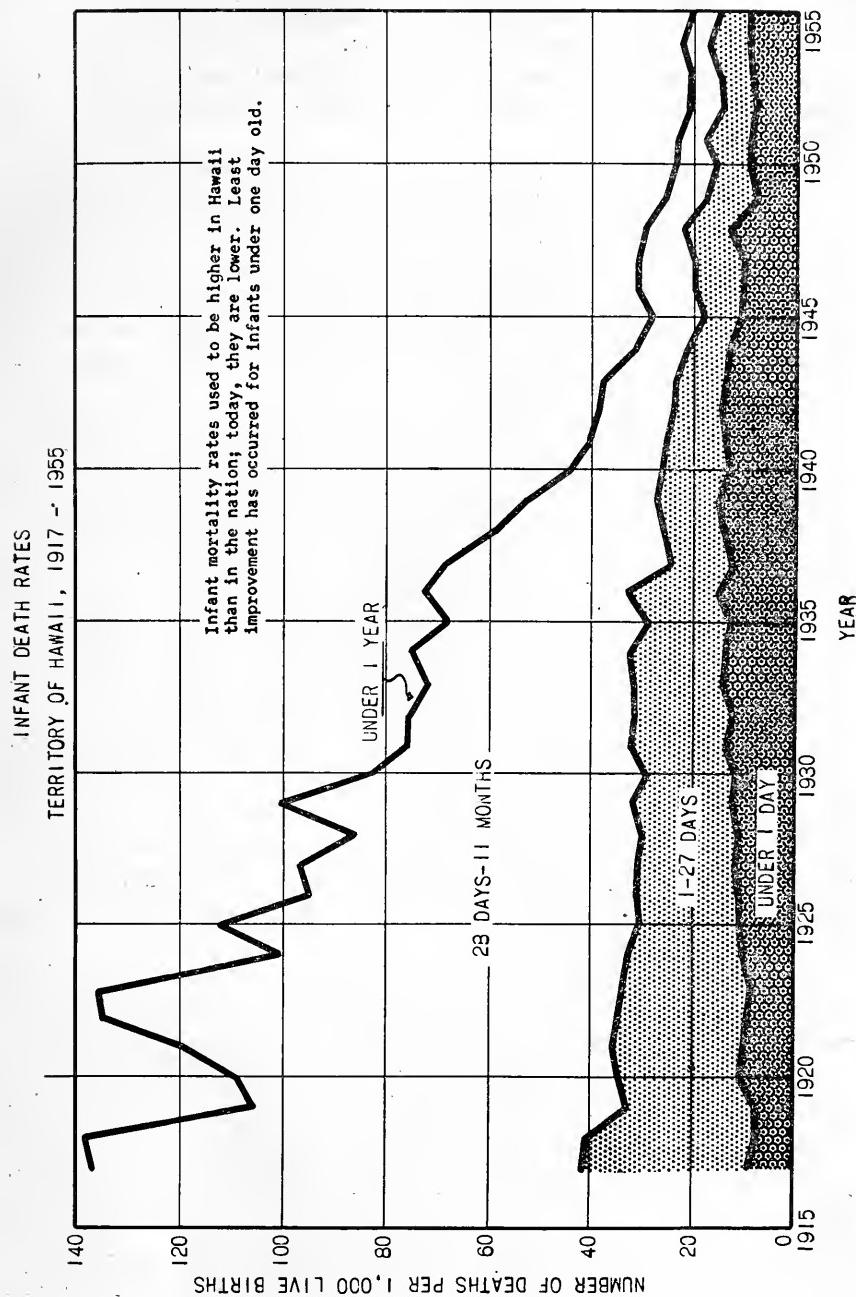
Mosquito Control.—Evidence of *Aedes aegypti*, the notorious yellow fever and dengue mosquito, was found in the Kihei and Lahaina areas. A special survey of these cities was made to determine the incidence of *Aedes aegypti* breeding. The areas were thoroughly

BIRTH AND DEATH RATES*

TERRITORY OF HAWAII AND UNITED STATES, 1920 - 1955



* 1941-1955, Territory of Hawaii rates
are based on civilian population only.



searched and heavy infestations of *Aedes aegypti* were discovered. An abatement program will be carried on.

Mosquito control programs were inaugurated on the islands of Kauai and Maui, as a result of legislation enacted by the 1955 legislature.

Tuberculosis—Tuberculin Testing.—The Bureau of Tuberculosis is cooperating with the Oahu Tuberculosis and Health Association in a program of tuberculin testing of school children. The project is limited to a high incidence area on Oahu. This is an example of the close cooperation which exists between the voluntary agency and the Department of Health. It also shows the progressive outlook of these agencies in seeking new ways of finding the reservoir of tuberculosis infection in the Territory.

The death rate from tuberculosis reached an all-time low of 6.6 per 100,000 population with a total of only 33 deaths.

Crippled Children—Mentally Retarded.—The Bureau of Crippled Children received a special grant from the United States Children's Bureau for a program of training staff to work with mentally retarded children. The workshop will offer instructions to teachers, public health nurses, social workers, and others in the community. Lectures and discussion by local physicians and psychologists are held in the morning, while the afternoon period is devoted to working directly with a group of trainable mentally retarded children.

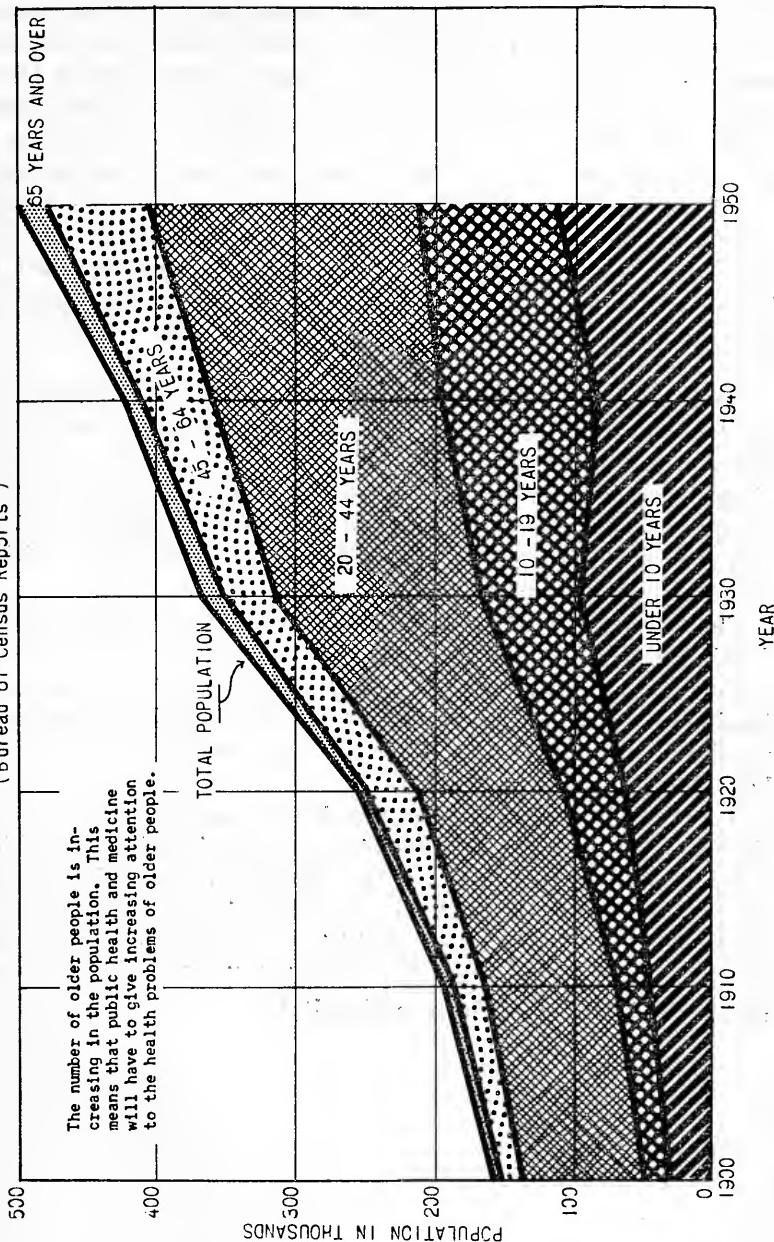
Epilepsy.—An epilepsy clinic was started on Oahu with diagnosis and treatment, medication, and followup of these diseases. Starting on a once-a-month basis, this clinic had to be extended three times a month because of the increased caseload. In addition to the physical benefits to the children, it is expected there will be a change in the mental attitudes of the public to remove the misunderstandings which surround this disease.

Civil Defense.—A civil defense training course was conducted in April for health department staff and other personnel in the community carrying important civil defense assignments. This 2-week training program was conducted by the public health service personnel from the Robert A. Taft Sanitary Engineering Center, Cincinnati, Ohio, and the Communicable Disease Center, Chamblee, Ga.

Three civil defense emergency hospital units have been received. Two of these are to augment the Federal civil defense stockpile, and the third is for display and training purposes.

A basic training course for radiological monitors was conducted in March for persons residing in the Ewa district. This 6-week training course was conducted by Mr. Francis Woo, Chief, Committee on Radiological Defense, and Mr. Sadamoto Iwashita, Deputy Chief, Committee on Radiological Defense.

POPULATION TRENDS BY AGE GROUP
 Territory of Hawaii, 1900 - 1950
 (Bureau of Census Reports)



Sixty first-aid station units were repackaged with the cooperation of the Naval Supply Center, Pearl Harbor. The rest of the medical supplies for 40 first-aid stations are stored in bulk form in Diamond Head. Also 2,400 first-aid kits were repackaged with the cooperation of the Lanakila Crafts for use by the field first-aid group, the litter bearer group, and the ambulance group from the first-aid stations.

All the medical and other civil defense supplies and equipment, including the Federal stockpile, stored in the Birkhiemer Tunnel were transferred to the new Health Services Tunnel in Diamond Head. The area formerly occupied by the medical storeroom was turned over to the Oahu Civil Defense Agency for use as its emergency headquarters.

Board of Health.—The Board of Health held four meetings during its 2-day trip to Lanai and Maui. The Board also made a trip to Molokai and held public meetings. These meetings are held periodically in each of the counties to give the people of the community an opportunity to meet with and present their problems to the Board and to enable the Board to see at first hand the health facilities and existing health programs.

The Board of Health revoked the license of a naturopath after conducting hearings for three days.

New poison regulations were adopted by the Board so that a poison label meeting Federal requirements shall be deemed to meet territorial requirements as well. Previously, certain products had to be relabeled locally.

The Board of Health recommended to the Governor that he lift the embargo against the importation of psittacine birds from Florida.

An allotment of \$500,000 of the hospital construction funds was approved by the Board so that Queen's Hospital may replace its inadequate and old out-patient facilities. It also approved another \$50,000 for fiscal year 1956 for the Rehabilitation Center of Hawaii and \$265,441 to the Wahaiawa Hospital.

Estimated Civilian Population of the Territory of Hawaii by Geographic Area: July 1, 1956

Geographic area	July 1, 1956		Jan. 1, 1956	July 1, 1955	Percent change July 1, 1955- July 1, 1956
	Number	Percent			
Territory of Hawaii.....	523,359	100.0	516,878	500,976	+4.5
County of Hawaii.....	62,666	12.0	64,630	63,366	-1.1
City of Hilo.....	25,221	4.8	26,019	25,469	-1.0
Balance of County.....	37,445	7.2	38,611	37,897	-1.2
County of Honolulu.....	386,694	73.9	375,866	362,196	+6.8
City of Honolulu.....	275,393	52.6	268,359	259,580	+6.1
Balance of County.....	111,301	21.3	107,507	102,616	+8.5
County of Kalawao.....	271	.1	278	285	-3.2
County of Kauai.....	28,737	5.4	29,731	29,650	-3.1
Island of Kauai.....	28,517	5.4	29,512	29,437	-3.1
Island of Niihau.....	220	.0	219	213	+3.3
County of Maui.....	44,986	8.6	46,373	45,479	-1.1
Island of Lanai.....	2,506	.5	2,343	2,450	+2.3
Island of Maui.....	37,605	7.2	39,160	38,263	-1.7
Island of Molokai (Excl. of Kalawao).....	4,875	.9	4,870	4,766	+2.3

Method of Compiling Data: Estimates of the civilian population of the Territory were prepared using the migration-natural increase method. Data on civilian migration to and from the Territory were provided by each carrier and data on migration between islands were provided by the Hawaii Aeronautics Commission. Data on net movement of civilians in and out of the Armed Forces were obtained from the personnel center of each service. Data on births and deaths were obtained from this office.

Department of Public Welfare

The year's focus was on strengthening the public welfare program by placing emphasis on preventive services, rather than on the mere granting of financial assistance. Towards this end, the Department accomplished the following:

Services to Children.—Refocused attention on protective and preventive services by: (a) Reestablishing a child welfare staff office since two-thirds of the Department's work is with children; (b) Establishing an experimental project "Operation Help" to prevent juvenile delinquency and eliminate future government costs by making professional services available to children before they get into trouble. (c) Developing rules and regulations governing the licensing of day care centers.

Rehabilitation and Self-support.—Initiated a job-placement program to seek jobs and develop sources of employment for able-bodied applicants and recipients.

Services to Aged.—Developed a plan to provide services to the aged, including standard setting and licensing of institutions and foster homes.

Financial Assistance.—Raised food allowances from 69 percent to 75 percent of minimum food requirements. This was made possible because of: (a) New policy declaring able-bodied ineligible; (b) More effective staff review to see that only those not able to support themselves remained on the rolls.

Intergovernmental Relations.—Signed a reciprocal agreement with the Samoan Government whereby needy Samoan residents can be returned by Hawaii to Samoa; and needy Hawaiians by Samoa to Hawaii.

Civil Defense.—Cooperated with the Federal Government and local civil defense officials in establishing a plan for emergency welfare services in time of disaster.

*Department of Health, Education, and Welfare Activities in Hawaii
Fiscal Year Ending June 30, 1956*

	Number directly benefited	Distribution of Federal funds
Old-Age and Survivors Insurance (Administered by Federal Government only):		
Insurance payments.....	20,034	\$11,045,289
Established number "policy (Social Security card) holders".....	365,000	
Public Health Service (Administered by Federal Government only):		
Outpatient and dental clinics, protection against quarantinable disease from foreign sources, examination of Federal employees.....	(1)	(2)
Public Health Service—Research, National Institutes of Health (University of Hawaii):		
Psychiatric social work.....		6,984
Federal Credit Unions (Private groups):		
Assets.....	\$44,055,588	(3)
Members.....	80,142	
Number of credit unions.....	142	
Public Assistance (Territorial Department of Public Welfare):		
Federal grants for assistance to needy aged, blind, children, and disabled.....	15,553	3,220,619
Child Health and Welfare Services (Territorial Department of Health; Territorial Department of Welfare):		
Federal grants for services for maternal and child health, crippled children; and child welfare.....		692,561
Public Health (Territorial Department of Health):		
Federal funds for general and mental health activities, Hansen's disease, control of tuberculosis, heart disease, cancer, alcoholism, polio, hospital construction, medical facilities survey and plan, and research.....		1,800,615
Educational Programs (Territorial Department of Public Instruction):		
Federal grant for vocational education.....	(1)	166,202
Federal assistance to schools in federally affected areas:		
Public Law 815 (construction).....	(1)	2,031,670
Public Law 874 (operation and maintenance).....	(1)	1,247,906
American Printing House for the Blind.....	18	390
Office of Education (University of Hawaii):		
Colleges of Agriculture and the Mechanic Arts.....	(1)	74,985
Vocational Rehabilitation:		
(Territorial Office of Vocational Rehabilitation: Bureau of Sight Conservation and Work with the Blind).....	659	185,115
Surplus Property (Bureau of the Budget):		
Acquisition value of Federal surplus transferred to Hawaii for health and education purposes.....		
Personal Property received (materials and equipment).....	(1)	883,715
Real Property (land and buildings).....	(1)	888,129
Other DHEW funds spent in Hawaii:		
For DHEW salaries and for local purchases of goods and services (est.).....	(1)	330,425
Grand Total.....	36,259	22,574,605

NOTE 1. Over 22 million dollars of Federal funds and property directly benefiting more than 36,000 islanders were spent or made available in Hawaii under programs of the Department of Health, Education, and Welfare during the fiscal year. Other thousands benefited substantially, though indirectly. The sum was distributed approximately as shown above.

NOTE 2. These funds and surplus property reaching Hawaii through the Department of Health, Education, and Welfare contribute substantially to the stabilization of Island economy. More than \$14,200,000 identified with Social Security programs alone, helped to cushion the disastrous effects that lack of income usually has on older people, children, and young families.

¹ Not available.

² No direct distribution of Federal funds.

³ This is a federally sponsored and inspected thrift organization which finances itself.

Management.—(a) Put into effect a complete management survey to improve internal management; (b) Initiated equity of pay and classification of social workers in various departments of Government toward stability of professional services.

General Information.—During the year, the department assisted a monthly average of 19,823 persons in 9,162 cases at \$28.26 per person. In addition, 2,927 children and adults in 1,745 families received social services without financial assistance. The department spent \$7,574,148.39, of which 45 percent were Federal funds.

Department of Institutions

The completion of a comprehensive policy manual and inauguration of performance budgeting were major accomplishments in fiscal 1956. Both are forward steps in providing means to better serve the community and departmental wards as well as improving personnel service and needs.

Hawaii Prison System.—Continued improvement in routine operations in all areas was an achievement of the past fiscal year. Emphasis was placed on doing a better job with current programs rather than the introduction of new ones.

The security record for the prison system for the year was excellent. Only one escape incident occurred and there were no group disturbances. Morale remained high. The incorrigible unit at Oahu Prison remained closed all year permitting a more productive use for it as an orientation center.

The prison management has redoubled its efforts to reduce the recidivist rate. A policy was established of reducing privileges for repeaters and demanding a great deal more of them than first offenders. Efforts were made to bridge the gap between improvement and parole by working with community agencies towards giving greater assistance to the parolee.

A major hurdle to a stable employee work force was overcome during the year by granting pay increases to custodial people. At the same time a shorter work week was effected for the guard force.

The Kulani construction project made considerable progress. Two 20-man dormitories were completed and occupied. Two other dormitories are nearing completion and construction of the control station is well underway.

Considerable progress was made by Kulani in gaining the active assistance of service clubs in placing parolees in employment and adjusting to the community.

Construction of a complete new plant at Olinda, Maui, will be

started in September. By the end of the next fiscal year the project should be 50 percent complete.

Statistical comparisons of fiscal 1955 and 1956 are as follows:

	1955	1956
Resident population beginning fiscal year-----	602	590
Resident population end fiscal year-----	590	574
Daily average-----	597	573
Total expenditures-----	\$911, 670	\$923, 036
Per capita per diem-----	4.18	4.40

Waimano Home.—A realistic biennial budget for 1955-57 made possible major improvements in housing and personnel service. Fiscal 1956 witnessed the completion and occupancy of five new fire-safe dormitories. By moving 320 female patients into the new dormitories, all but one of the wood structures was vacated. The remaining wood building is in good condition and has ample space to receive 60 additional female patients, thus relieving the community of part of the backlog of needed admissions.

The final phase of the building program for the biennial period is now under way with the start of construction of the third story addition to the hospital.

All but 6 of the 38 new positions allocated by the 1955 legislature have been filled. Some delay in filling these was occasioned by mandated savings. However, the critical personnel shortage has been somewhat alleviated.

The farm continued to render valuable therapy to about 200 patients as well as contribute to reduction in operating costs. Farm production totaled \$195,283 of which \$154,415 in produce was consumed by Waimano Home and \$40,868 sold to other divisions and individuals. Net operating profit amounted to \$54,094. Farm production accounted for the serving of 867,504 meals at a unit cost of \$0.311.

Resident patient population at the close of fiscal 1956 was 721 compared with 719 at the close of 1955. General fund expenditures were \$968,889 with a per capita per diem of \$3.69 compared with \$857,499 and \$3.27 for fiscal 1955.

Territorial Hospital.—As a result of reorganizational changes effected during the past two years, certain management techniques were developed this past fiscal year which improved hospital operations in all areas.

The use of the new tranquilizing drugs has made many patients accessible to psychiatric treatment. While it is too early to draw any definite conclusions regarding these drugs, it is significant that for the first time in many years the upward population trend has been reversed. Undoubtedly these drugs have contributed to this reversal.

The creation of an industrial therapy coordination unit has made it possible to have approximately two-thirds of the patients in the hospital participate in industrial therapy. The liaison with the medical staff in this area has greatly improved.

Comparative population statistics are as follows:

	1955	1956
Resident population beginning fiscal year-----	1,180	1,129
Resident population end fiscal year-----	1,219	1,219
Daily average-----	1,190	1,215

Training Schools.—A major undertaking was the work of developing and training staff personnel in the concepts of treatment rather than custody. As part of the staff development plan, all employees have been encouraged to participate in community activities, especially those related to division problems. About two-thirds of the staff were able to attend institutes and workshops conducted by both local and mainland experts in the field of child welfare. All employees participated wholeheartedly in the in-service training program.

In both the Koolau Boys' Home and the Kawailoa Girls' Home a more comprehensive and better integrated rehabilitation program was instituted. The combination of a well-balanced academic and vocational program designed to fit as nearly as practical individual needs has already shown better rehabilitation results. With the vocational training and work program well-coordinated, along with academics, religious counseling, recreational and social activities, the delinquent boy or girl is receiving training which will enable him or her to adjust more readily to community life.

The Molokai Forestry Camp has developed into an outstanding project. With an average population of 12 boys, this small labor force planted 56,000 trees, maintained roads and cleared large acreages for new planting. Relationship between the community and the camp was excellent.

The average daily population during the fiscal year showed no change over the preceding year. Per capita per diem costs were slightly lower.

	1955	1956
Population at beginning of fiscal year-----	163	156
Population at end of fiscal year-----	156	154
Daily average-----	151	151
Total expenditures-----	\$418,258	\$406,759
Per capita per diem-----	\$7.60	\$7.38

Division of Parole and Homeplacement.—This fiscal year has been a period of stabilization as compared with the year preceding which was one of almost constant change both in personnel and organization. For 12 months there has been no turnover in staff. This favorable situation provided opportunity for the reevaluation of policies, proce-

dures, and techniques in an endeavor to improve the quality of parole supervision rendered.

The creation of classification committees at the training schools with participation by this division to consider readiness of parole candidates, set up tentative parole lists, and interchange pertinent information has proved beneficial to both management and workers.

The division operated for fiscal 1956 on \$58,235, approximately \$4,500 less than the previous fiscal year. Per diem cost of ward supervision dropped from 73 cents to 63 cents.

Hawaiian Homes Commission

Administration.—In the budget for the Commission's 1955-57 biennium was an item of \$150,000 for the development and construction of improvements of the Hawaiian Homes project on Anahola, Island of Kauai. It was found that the appropriation of \$263,000 made by the 1947 legislature was not sufficient to cover the cost of this project, hence the addition of the above appropriation by the 1955 legislature. In March 1956 construction work was started in an effort to find potable water, by drilling two wells on the site. One well has struck potable water at a depth of 230 feet below sea level and will be capped sometime in July or August 1956. Construction work already has been started on the second well. No completion date has been announced.

Bid invitations for the construction of roads and installation of the water distribution system have been advertised and the awards will be made during the month of July 1956.

Budget.—During the fiscal year, the sum of \$213,362.82 was received from the Land Department of the Territory of Hawaii. This sum represented 30 percent of the total collections from cane land leases and water licenses and was deposited in the Commission's revolving loan fund and its development fund. Since the loan fund was increased from 2 to 5 million dollars in 1952, we have received a total of \$880,013.66 from this source of income. Of this total, the sum of \$660,010.19 was credited to the loan fund and \$220,003.47 to the development fund. There remains the total of \$2,339,989.81 still due before the 5 million dollars maximum is reached in the loan fund and the total of \$179,996.53 still due the development fund.

Loan Fund.—The sum of \$404,987.52 was paid out during this past fiscal year for new construction, alterations and repairs. Encumbered cash in the way of approved loans for pending construction totals \$92,903.07. A reserve fund of \$180,000 has been set as the goal for the building of homes for the new Anahola Tract on the Island of Kauai. As of this date this reserve fund shows a balance of \$150,000 on hand with the remaining \$30,000 to be collected prior to

the date that actual construction will commence. This will form a nucleus of 30 new homes at \$6,000 each for this new project.

Of interest is the fact that the Commission accepted surrenders of homesteads with improvements whose total value amounted to \$103,442.03. This amount was paid to the various homesteaders and the improvements and lots were then awarded to new applicants.

Administration Fund.—This fund has been set up to take care of the payment of salaries and all other administration expenses of the Commission, not including structures and other permanent improvements. The budget for each biennium is submitted to the Governor of the Territory of Hawaii for approval before being transmitted to the legislature for its approval. The monies for the operation of this budget are derived from the rental of Hawaiian Homes Commission "available lands" and does not constitute an appropriation from the general fund revenues of the Territory.

Estimated rentals from "available lands" for the 1955-57 biennium have been set at approximately \$503,000 while the approved budget amounted to \$321,168. The difference between the approved budget total and the collections from the rentals of "available lands" is transferred to the general fund as additional revenue for the Territory. By this arrangement, the Commission is able to finance its own administrative budget and the Territory, in addition, derives some revenue from our rentals.

Operating Fund.—Revenue received for the credit of the operating fund totaled \$99,176.63 while expenditures amounted to \$84,416.78 for the corresponding fiscal period.

Rehabilitation—Waimea, Hawaii.—Presently, there are six farmers at Kamuela who have shown that with proper guidance and help from the Commission they were able to gross \$23,200.24 for the past fiscal year. This amount is considered very good in view of the fact that they received competition in this field from other sources. These farmers have been harvesting daikon, cabbage, lettuce, carrots, sweet corn and field corn and burdock. Each farmer has been allotted 15 acres with the exception of one who had been given an additional 15 acres. The Commission feels confident that as the years go by these farmers will become successful.

Livestock Production.—There are 48 individual homesteaders who were allotted pastoral areas. They are, but few exceptions, doing very well. Their mortgages, as well as their loans from the Commission, are being paid. Most of the homesteaders have an average of four paddocks containing an average acreage of 75 acres. A few have two paddocks but are working on these as their finances permit.
.. *Community Pasture.*—1,000 acres are being used as a community pasture for those whose areas are lacking the proper grasses and feed.

Even though there has been pressure brought on the Commission to cut up these community pastures, the Commission has consistently stuck by its decision to continue these community pastures for the benefit of those ranchers whose lands become dry during the summer months.

Road Construction.—There are 18 miles of road throughout the ranching Hawaiian Homes Commission project constructed by Commission employees. Approximate cost as of July 30, 1956 is \$29,769, and an estimate cost to complete the roads is set at \$14,000.

Keaukaha, Hawaii—Hawaiian Village.—The Hawaiian Village provides entertainment not only to the residents of Keaukaha, but also to the general public, especially the various clubs in Hilo. The steady stream of tourists and their purchases help to make this project a success. A ceremony of taking the pig out of the imu, as well as entertainment, is provided on boat days.

Hawaiian Homes Nursery School.—The Keaukaha Nursery, which has an enrollment of 72 children ages from 3 to 4½ has a daily routine of assembly, mid-morning snack, noon meal, rest period and dismissal. Four buildings obtained from the Aeronautics Commission and reconstructed by volunteer help and equipped by the Commission for \$3,000 are used as the nursery school.

Panaewa Farm.—There are now 110 farmers who have cleared lots and made plantings, which include liliokoi, macadamia nuts, taro, banana, papaya, coffee, and vegetables. During the period July 1955 and July 1956 the area produced nearly one-half million pounds of liliokoi fruit. A few of the farmers have contracted their fruits and vegetables with various companies on the islands of Hawaii and Oahu.

Cooperative.—The cooperative is organized on a non-profit basis. There are now 15 members who have made donations to defray the expenses for the pay of a clerk, etc. The Commission has been advancing purchases to the homesteaders for wire, insecticides and fertilizers and they are making monthly repayments upon harvesting of crops.

Molokai.—The Molokai High and Elementary School with a student body of 547 pupils is the only public school located on the homestead area on this island. It is composed of four divisions, starting with the kindergarten, the elementary, the intermediate, and the senior high school division. Its scope of education is not limited to the regular high school curriculum, but it offers an up-to-date commercial course, a college preparatory course, and it also operates a large school farm which includes a dairy. Student labor who live in the school dormitory operate this entire farm. Approximately half of the student body are from the homestead area.

Molokai Community Hospital.—The Molokai Community Hospital which was duly incorporated on November 14, 1949, is being managed by a Board of Trustees of twenty directors. This eleemosynary institution receives a subsidy from the Territory of \$96,000 for the biennium. Plans are being worked on for a new 25-bed modern hospital to be situated above the National Guard Armory in Kaunakakai on 5 acres of land donated by the Molokai Ranch. This is the only hospital on the island of Molokai that is available to the public; therefore, every possible effort should be made to obtain all possible financial assistance in order that it may maintain its greatest efficiency.

Pineapple Production.—Since the pineapple contracts were consummated in July 1944 between the homesteaders and Libby, McNeill & Libby, the California Packing Corp., and the Pacific Pineapple Co., 178 homesteaders have contracted 5,817.05 acres of their homestead area. According to the existing agreements between the homesteaders and the pineapple companies, each homesteader is guaranteed \$840 a year, paid at the rate of \$70 per month regardless of area. However, the pineapple companies have set a minimum acreage of 15 acres and a maximum of 36 acres, the whole area being planted as a block. This area is determined by the arable land available on each lot, setting aside 4 acres for the houselot if the whole of his area is arable.

The pineapple companies also pay for the property taxes on these pineapple lands and in accordance with the contract they pay bonuses to homesteaders during good years and assume all losses in case of crop failure. Libby, McNeill & Libby had a very profitable year for their 1955 harvest as they paid each homesteader a bonus of \$400 while the California Packing Corp. paid each planter \$42. Pacific Pineapple Co. did not pay any bonus.

Community Pastures and Livestock.—The Hawaiian Homes Commission has set aside approximately 16,400 acres as a community pasture on this island for the purpose of grazing livestock by homesteaders. All of the areas have been segregated into paddocks to allow proper rotation of the herd to avoid overgrazing. Special attention has been given to proper breeding and segregation of the weaners.

One man is employed full time to carry on the pasture activities. Additional cowboys are hired during roundups to assist with proper branding and marking of animals as each homesteader is assigned his own earmark and legal brand.

Water Department.—Water has always been the greatest problem. The Commission maintains some 65 miles of pipes on this island, varying in sizes from $\frac{3}{4}$ -inch up to and including 8-inch mains. This does

not include lines on the immediate homesteader's premises, due to the fact that anything inside of the meter is the property of the homesteader. We have a total of 287 users. The Commission's water supply is from the Kamilola and Waihanau intakes. In addition to these two sources the Commission developed a deep well to the depth of 1,050 feet at the bottom of which is sunk a submersive pump which lifts the water to the surface through an 8-inch main. A booster pump at the surface delivers approximately a half million gallons per day to the steel tank at Kauluwai when this pump is in operation. The entire pumping system is electrified and operates on an automatic system.

Hoolehua Gymnasium.—The Hoolehua Gymnasium was completely renovated by the Department of Public Works with an appropriation of \$10,000 set aside from the Governor's contingent fund.

Since the County of Maui would not take over the gym as first proposed, the Hawaiian Homes Commission turned it over to the Department of Public Instruction to use and maintain until such time as the County of Maui could take it over. Maintenance cost is paid by the Molokai High School.

Agriculture.—Our greatest agricultural problem is the lack of water and crop planting is done at the risk of drought or other adverse developments. Homesteaders have planted mostly subsistence crops for home consumption and livestock feed.

At Kalamaula, some of our homesteaders have produced some good crops with water pumped from wells on their own homesteads. Five 35 acre farm lots at Palaau were assigned to homesteaders who were given 1 year to farm them. If proved successful, leases will be issued. One homesteader who was successful in digging a well on his 35-acre lot is now irrigating a melon crop.

Hawaii Housing Authority

The noticeable tightening of the housing situation on Oahu at the beginning of the fiscal year continued. According to the Honolulu Redevelopment Agency, its "most recent studies indicate that population growth in Honolulu is exceeding dwelling unit additions," and the full impact of the arrival of families of the Army's 25th Infantry Division, which came here to Schofield Barracks during the latter part of 1954, is now being felt. At present there is a critical shortage of housing for families of low and middle incomes. A recent field study conducted by a market analyst of the San Francisco Regional Office of the Federal Housing Administration in conjunction with the Post Office authorities indicated a vacancy rate of 1.5 percent.

Comparative figures on applications for housing on Oahu received by the Authority during the 1955 and 1956 years are shown on the following table:

	July 1, 1954 to June 30, 1955	July 1, 1955 to June 30, 1956
Active—carried forward from previous year.....	994	976
Received during year.....	3,589	4,023
Total processed during year.....	4,583	4,999
Active June 30.....	976	1,398

It will be noted by reference to the above table that there were 434 more applications for housing received by the Authority during the 1956 fiscal year than during the previous year, and that the total number of active applications at the end of the year were 422 greater than at the end of the previous fiscal year. Placements during the previous year were 1,315. This year the number of families placed was 1,007. This reduction of 308 in the number of placements reflects a lower turnover rate and a reduction in the number of war housing and emergency units in operation. A study of rental advertisements in the Saturday editions of the Honolulu Star-Bulletin bi-monthly, January through June 1956 shows that the total number of listings was 962. A similar study conducted for the same period of 1955 developed a total of 1,498 listings. It is of significance that of the 962 listings in 1956, only 209 were advertised at specified rents of less than \$70 and that of these 209, 197 were for studio or one bedroom apartments.

Construction of 82 additional units and an Administration-Maintenance building, financed by Territorial appropriation, was completed in Palolo Valley in November. Construction of a 118 unit federally aided low rent housing project in Palolo, Palolo Valley Homes, was started on June 29, 1956, and will complete the Authority's program in Palolo Valley. Five buildings of temporary emergency housing, comprising 34 dwelling units, remain at Palolo; these will be demolished as soon as conditions permit. With their removal and the completion of Palolo Valley Homes, 424 new dwelling units of permanent concrete construction—306 territorially financed and 118 federally-aided—will have replaced 532 temporary emergency homes.

A critical situation developed in January when the Hawaii Aeronautics Commission announced plans for the construction of new terminal facilities at the Honolulu International Airport, requiring the removal from the Airport of some 520 families living in multi-unit converted barracks and quonset huts. In accordance with the

wishes of the Governor and at the request of the Hawaii Aeronautics Commission that the Authority take over the operation of this housing during its phase-out period, an agreement was executed by the Hawaii Aeronautics Commission and the Authority, under the terms of which the Authority took over the operation of 18 buildings as of April 1, 1956; four more buildings were turned over to the Authority on June 1, when leases of the operators expired, and five additional buildings were to be turned over as of July 1, 1956. A total of 305 families were still living in the first 20 buildings when the Authority took over their operation. Of these, 41 had been placed in other projects of the Authority, 180 have found housing elsewhere and 84 are still remaining as of June 30. An additional 62 families were still living in the five buildings that were to be taken over on July 1. The Governor concerned himself with the relocation of these families at the outset and made land available to the Authority to which 71 duplex temporary dwelling buildings at Manoa War Homes will be moved. This new emergency project, to be known as Kapalama Emergency Homes, will provide for the relocation of the remaining families living at the Airport in time for the Aeronautics Commission to proceed with its planned demolition and construction work.

The Commissioners of the Authority froze vacancies as of January 1, 1956, at Manoa War Homes, a 982 unit temporary war housing project, as the site must be vacated, buildings demolished, and the land restored to its owners by June 30, 1958. The project was relinquished by the Public Housing Administration to the Authority on June 30, 1953 at which time the Authority was able to obtain leases with the property owners for 3 years, with options to renew for two successive terms of 1 year each only. The removal of these vacated units from operation and the demolition of 136 temporary emergency units at Palolo to provide the site of Palolo Valley Homes was referred to earlier in this report as one of the causes of fewer placements by the Authority during the fiscal year.

The Authority has plans for an additional 152 low-rent housing project for which a development program had been submitted to the Public Housing Administration prior to the end of the fiscal year. At the time of the writing of this report, the President had approved the project, TH 1-9, Kaahumanu Homes, and an annual contributions contract providing for Federal assistance had been executed.

During the year contracts for maintenance work and the purchase of appliances totaling \$62,133.75 were awarded as follows:

Description	Project	Amount	Contractor
142 water heaters.....	Kapalama.....	\$8,867.90	Electrical Distributors.
100 ranges.....	Halawa.....	8,994.00	The Cody Co.
100 refrigerators.....	Halawa.....	12,447.00	W. A. Ramsay Co.
79 ranges.....	Halawa.....	7,102.10	Honolulu Electrical Products Co.
79 refrigerators.....	Halawa.....	10,210.75	Honolulu Electrical Products Co.
Painting of 22 buildings.....	Manana.....	7,712.00	Moriyama Brothers.
Repaving of streets and parking areas.	Kalihi War.....	7,800.00	Nanakuli Paving and Rock Co., Ltd.

The contract for the construction of Palolo Valley Homes was awarded to the Pacific Construction Company, Ltd., whose low bid was \$1,086,400. The local firm of Law and Wilson was selected as architects for the project.

The contract for construction of Kapalama Emergency Homes was awarded to Moses Akiona, Ltd., the low bidder, in the amount of \$231,000.

A survey of housing conditions for the aged in Honolulu was made for the Authority by the Bureau of the Census in April and May in compliance with a mandate contained in Joint Resolution 51, Session Laws of Hawaii 1955. The estimated cost of \$9,853 provided for a survey sample of 500 aged persons. The Authority expects to receive the results of the survey from the Bureau of the Census at the end of July.

In February the Authority awarded the sale of its new Housing Authority bonds (third issue) in the principal amount of \$1,345,000 to Blyth and Company, Inc., at an interest rate of 2 $\frac{3}{8}$ percent at par plus \$807 premium. The issues permanently financed Projects TH 1-1 Kamehameha Homes and TH 1-2 Kalakaua Homes. The bonds are not an obligation of the Territory.

An important highlight of the year came in November 1955, when after two decades of conducting operations from a succession of temporary quarters, all too small and poorly suited for efficient operation, the Authority moved into its own permanent office building on School Street near Lanakila in the Palama district of Honolulu. The site had been chosen because it adjoined the Central Maintenance and Central Stores buildings already in existence, making possible a centralized operation.

Any new additional housing construction program for the Authority must await favorable action by the Congress of the United States or by the Territorial legislature. Meanwhile the City of Honolulu is faced with the relocation of some 4,000 families during the years immediately ahead. It is estimated that these families comprise in all some 17,000 persons. Some 800 families residing in the Damon Tract area have recently had their ground rentals tripled. Many have stated that they are unable to pay the increased rates. In any

event, it is considered likely that this area, which is adjacent to Honolulu International Airport, will be needed for further airport expansion. Furthermore, officials of the Hawaii Aeronautics Commission have stated that with the coming of jet passenger and transport planes to the Territory, the noise created by the planes will make the Damon Tract area unsuitable for residential purposes.

The program of the Territorial Highway Department for the 5-year period immediately ahead will result in the need for relocating 1,600 families, and the Honolulu Redevelopment Agency is expected to commence in mid-1957 with the relocation of 779 families living in its Consolidated Redevelopment Project area. In addition to these the Authority will have to relocate approximately 800 families presently at Manoa War Homes and Palolo Emergency Homes.

Payments in lieu of taxes were made by the Authority to the City and County of Honolulu in the amount of \$77,144.22 and to the County of Hawaii in the amount of \$5,928.47 for the calendar year ending December 31, 1955. The Authority, in accordance with Section 20 of Joint Resolution 4, Session Laws of Hawaii, 1947, transferred \$202,165.58 to the Territorial Treasurer. The amount transferred represented the net income from the operations of temporary dwelling units leased from the Navy, a permanent Palolo Valley Territorial project known as Palolo Homes I, NASKA Emergency Homes at Kahului, Maui, and the proceeds from the prorated rental of the Authority's Central Maintenance Shop and Storeroom facilities, all developed or converted with final advances appropriated by Joint Resolution 4.

Council on Veterans Affairs

The function of the Territorial Council of Veterans Affairs is to maintain an agency to serve all veterans and their families and dependents in any way possible. It is used to disseminate information, counsel, aid and assistance. At the present time there are 72,000 veterans in the Territory. There are approximately 6,000 potential veterans in service. All veterans who are discharged or released from active duty in the Territory are immediately informed by a personal letter of the functions of this office. Many of the rights which were extended to servicemen of World War II have expired. The part that the Territorial Council on Veterans Affairs will play in the future becomes increasingly important. During the past fiscal year, 16,471 veterans were given assistance by this office and its branch offices which are maintained on the Islands of Hawaii, Maui, and Kauai.

In addition to the foregoing this council aids in the integration of the various activities of civic, military and service organizations in

the interest of all veterans. During the past year the council participated in the following such activities:

It cooperated with the Pacific War Memorial Commission in the installation on Veterans Day of the Carillon Bells at the National Memorial Cemetery of the Pacific located at Punchbowl.

At the request of General Bruce C. Clarke, Commanding General, USARPAC, the council cooperated with the Army in arranging proper ceremonies for the burial of the 848 unknown Korean War dead who were buried at the National Memorial Cemetery of the Pacific. Service groups and their auxiliaries were present every morning for approximately 3 months. The military portion of the ceremony was handled by the Quartermaster Corps, USARPAC, with all services cooperating. The coordination of service organizations and their auxiliaries was handled by this office.

Cooperation was requested by General Clarke for the observance of Armed Forces Day. A letter of commendation for our efforts is on file.

Full responsibility for the observance of Memorial Day was designated to this office by the Mayor of the City and County of Honolulu. Forty thousands leis were distributed on the markers in Punchbowl Cemetery by the Boy Scouts of America. Transportation of these leis from the outside islands was accomplished through the cooperation of local airlines and many private firms.

The Director of this office has acted as chairman of the Reemployment Rights Committee for the past year. The most notable achievement has been the granting of reemployment rights to members of the National Guard. In the past, service in the National Guard did not entitle the individual to reemployment rights.

Every effort is being made to find suitable homes for paraplegic veterans. The maximum amount granted each eligible paraplegic veteran is \$20,000. The Territory assumes one-half of this amount as does the Federal Government.

Amputee veterans who have been aided in the procurement of automobiles have been furnished with special stickers which exempt them from parking fees at any City and County or Territorial parking site.

PUBLIC SAFETY

Civil Defense

The Governor's emergency control center was completed during the year. The headquarters provides space for key members of the Governor's cabinet and will serve as the executive offices in the event of enemy attack.

The Federal Civil Defense Administration announced during the year that it has allocated nearly \$90 million in Federal Relief funds to 38 States, Alaska, and Hawaii in disaster relief operation since January 1943, when it was assigned to coordinate natural disaster relief in addition to organizing the Nation's non-military defense against enemy attack.

Of the total amount allocated, Hawaii received \$100,000 for emergency repair of roads as a result of the Puna volcanic eruption in 1955 and some \$40,000 for cattle feed during a prolonged dry spell in 1953.

Two exercises were held in conjunction with the Federal Civil Defense Administration and the military. The exercises proved valuable in smoothing out operation procedures. Plans were made for the Territory's participation in the third nation-wide civil defense exercise, Operation Alert 1956.

Decentralization of the Civil Defense organization for the City and County of Honolulu was completed. In addition to the main element in Honolulu, two rural units were formed. Progress was made in the effort to organize an active warden service in Honolulu, and the work is continuing.

Groundwork was laid for intensified civil defense planning and training in the public schools. Working in close cooperation with the Department of Public Instruction, the Civil Defense Agency conducted orientation sessions for school principals as well as educational programs for PTA groups and promoted active participation by public school students in a shelter drill during one of the Civil Defense exercises.

A public health Civil Defense training course topped the list of numerous classes held during the year. Conducted by specialists from the United States Public Health Service, the course stressed the sanitation aspects of Civil Defense.

Much stress was also given to instruction in radiological monitoring and fallout plotting, the latter course in cooperation with the United States Weather Bureau.

Two new committees were formed as part of the Health and Medical Services section of the Territorial Civil Defense Agency to keep abreast of new problems that arise in Civil Defense planning. The committee on Psychological Defense will deal with problems of panic prevention, emotional behavior during crises, and psychological first aid. Also formed was a committee on Public Health Problems in Mass Evacuation to develop plans for meeting problems that are likely to arise through dispersal and mass evacuation.

Individual medical supplies were repackaged in order to consolidate

all necessary first aid station items into compact units. These first aid units were then dispersed throughout Honolulu, rural areas of the Island of Oahu, as well as the outlying islands.

Civil Defense received several new pieces of equipment. Three units of a portable 200-bed emergency hospital arrived—one purchased by the Territory under the Federal matching funds program, another one for the Federal medical stockpile, and a third to be used as a training unit. A rescue truck was also received. The Territory now has three of these vehicles.

The National Inspector of the Federal Civil Defense Administration arrived in the Territory to look over the health and medical supplies stockpiled in the Territory.

Through Civil Defense efforts, amateur radio operators received special automobile license plates bearing their radio call letters. The plates were authorized by the last legislature in recognition of the important contribution of radio amateurs to Civil Defense work.

Military Department

Strength and Organization.—On 30 June, 1956, there were 5,974 officers, warrant officers and enlisted men in the Hawaii National Guard, 5,089 individuals in the Army National Guard, and 885 individuals in the Air National Guard. There was a total increase of 282 individuals during the fiscal year, an increase of 311 individuals in the Army Guard and a decrease of 29 individuals in the Air Guard. The net increase in strength is attributed to the recruiting campaign conducted during November 1955 through January 1956. This campaign resulted in a net increase of 262 individuals. The highest strength attained during the fiscal year was 6,044 men on May 25, 1956. However, this peak strength was reduced to the year-end-strength by Guardsmen enlisting in the regular services during June 1956. Of the 1,374 discharges during the fiscal year, 454 were for entry into the regular services, and 205 were for expiration of enlistment. The strength of 5,974 on 30 June, 1956, represents 66.7 percent of the authorized strength for all active units, 63.7 percent for army units, and 90.9 percent for air units.

There were several organizational changes during the fiscal year. On August 1, 1955, Company M, 298th Infantry, was inactivated in Honolulu and activated at Kekaha, Kauai. At the request of the Department of the Army, the 483rd Field Artillery Battalion in Honolulu was converted to the 158th Anti-Aircraft Battalion on September 1, 1955, and assigned an active mission of providing anti-aircraft defense against air attack. There was a general reorganization of army units of the Guard on January 1, 1956, to comply with

existing Tables of Organization applicable to the regular army. On March 1, 1956, the 3rd Battalion Medical Platoon, 298th Infantry, was organized at Lihue, Kauai, to provide necessary medical services for units stationed on that island.

Training, Inspections, and Operations.—The training of the army and air units was conducted along essentially the same lines as in the past years, and consisted of regularly scheduled armory drill periods of two hours' duration, weekend outdoor assemblies of 8 hours' duration, and 15 days of field training. Field training was held during the month of June for all units of the Hawaii National Guard. The attendance totaled 5,818 individuals, of which 4,961 were in army units and 857 in air units. For the army units, the attendance figure represents 98.0 percent of the assigned strength and for the air units 98.4 percent.

Other training included individual study of extension courses and attendance at Army and Air Force service schools. A total of 329 officers and enlisted men attended such service schools—152 army and 177 air.

Representatives of the regular Army and Air Force conducted the required periodic inspections of National Guard units during the year. The ratings were in all cases very favorable.

During January 1956, members of Army units of the Guard supported the Kauai County Civil Defense Agency in disaster relief activities during the flood emergency in the Moloaa District, Island of Kauai.

Facilities and Real Estate.—The armory construction program, supported by Federal and Territorial funds at a ratio of about 65 percent Federal funds and 35 percent Territorial funds, progressed very satisfactorily with the completion of one project and the starting of three projects during the fiscal year. The modification and extension of the Armory at Hanapepe, Kauai, was completed in September 1955. Total cost of this project was \$29,908 of which the Federal Government paid \$20,945 and the Territory paid \$8,963. Contracts were awarded in June 1956 for the construction of two new armories to be located at Olaa, Hawaii and Kapaa, Kauai. Cost of the project at Olaa is \$128,900, of which the Federal Government will pay \$80,019 and the Territory \$48,881. The Kapaa Armory will cost \$133,439, of which the Federal share is \$91,050 and the Territorial share is \$42,389. Working drawings and specifications were started in June for the construction of a 3-unit armory at Wahiawa, Oahu, on land returned to the Territory by the United States Army for this purpose. This project is estimated to cost approximately \$165,000.

A number of important nonarmory projects supported 100 percent by Federal funds were completed or started during the year. These

included a supply warehouse at Sand Island, Oahu; an aviation gasoline dispensing unit at Lyman Field, Hilo, Hawaii; a paint shop at Fort Ruger, Oahu; a vehicular storage warehouse at Pauukalo, Maui; and an equipment warehouse at Lyman Field, Hilo, Hawaii. The cost of all these projects totaled \$92,221.

Fiscal Support.—A total of \$5,604,119 was spent in support of the Hawaii National Guard during the year for normal operations and excluding capital projects. Of this sum, \$5,085,651 was in Federal funds (\$3,844,749 for army units and \$1,240,902 for air units) and \$518,468 in Territorial funds. These figures represent an increase of \$591,361 in Federal funds and a decrease of \$25,588 in Territorial funds over the amounts expended in fiscal year 1955. The amounts expended this year represent a ratio of \$9.07 of Federal funds to \$1 for Territorial funds, an increase from the \$8.26 to \$1 ratio last year.

AGRICULTURE AND NATURAL RESOURCES

Land Utilization

	Acres	Percent
Total area.....	4,117,120	100
Land under intensive cultivation (Sugar 218,819, Pineapple 77,000, Diversified Crops 14,758).....	310,577	7.5
Grazing.....	1,510,000	36.7
Forest reserves.....	1,201,867	29.2
Balance—Cities, towns, waste lands, military installations, roads, etc.....	1,094,676	26.6

Department of Agriculture and Forestry

Agriculture—Sugar.—Hawaii's 1955 sugar production of 1,140,112 tons was worth \$145,622,820 to the economy of the islands. This amount represents more than half of the islands' income from goods exported to the mainland. Although production was some 40,000 tons more than the previous high in 1953, the crop brought in some \$8,000,000 less due to lower sugar prices.

The \$145,622,280 breaks down this way: Raw sugar, \$132,240,376 or \$115.94 per ton; molasses, \$3,762,444 or \$13.58 per ton; compliance payments (estimated)—\$9,500,000 or \$8.33 per ton; and bagasse (estimated) at \$120,000.

A new high average of 10.74 tons of raw sugar per acre was produced on Hawaii's 28 plantations last year. This compares with 10.02 tons per acre in 1954 and 10.15 tons the previous high in 1953.

Hawaii's record 1955 crop of raw sugar production of 1,140,112 tons was harvested from 106,180 acres out of a total of 218,819 acres under

cultivation. About one-half of the total area under cultivation is harvested each year.

Pineapple.—The eight pineapple companies produced one of their largest packs of canned fruits and juice during the crop year ending May 31, 1956. The pack consisted of 30,576,661 cases of which 18,464,061 cases were of canned fruits and 12,112,600 cases of juice. The value of the pack was approximately \$115,000,000. In addition to the pack, 9,296,000 pounds of fresh pineapple were exported.

Livestock.—The population, production and value of livestock and livestock products for 1955 are as follows:

Livestock or livestock products		Population on Dec. 31	Quantity marketed	Marketed value
Beef cattle.....	head	158,900	36,430	\$7,796,000
Dairy cattle.....	head	11,340	2,170	8,125,000
Milk.....	quarts	41,962,000		
Sheep.....	head	11,100	3,390	75,000
Wool.....	pounds		79,000	42,000
Swine.....	head	56,400	70,250	3,383,000
Chicken eggs.....	cases		213,500	6,235,000
Poultry meat birds.....	head	1,003,000	940,000	
Total.....				25,657,000

Diversified crop.—Production and market value of diversified crops for 1955 are as follows:

Commodity		Quantity marketed	Marketed value
Fruits and vegetables.....	Pounds		
Coffee.....	69,590,000	\$6,379,000	
Macadamia nuts.....	9,940,000	6,411,000	
Taro.....	903,000	162,000	
Honey.....	9,360,000	471,000	
Beeswax.....	345,000	38,600	
Total.....	9,000	4,100	
	90,147,000	13,465,700	

Animal Health.—Anaplasmosis-infected carrier cattle constituted the major livestock disease problem of the fiscal period under review. A Federal-Territorial Cooperative Anaplasmosis Control and Eradication Program was worked out in detail and a memorandum of understanding signed by both governments. This agreement was implemented by adoption of Regulation 108, Anaplasmosis control and eradication. The joint program became effective November 16, 1955. Under this program 23,454 tests were conducted and 145 animals were found to be test positive reactors. Of this number, 109 reactor animals have been appraised and slaughtered for which the owners have been paid a sum of \$20,471.16 as indemnity by the territorial and Federal governments. An additional 36 reacting animals are awaiting slaughter.

In other animal health areas, the first hog cholera observed in the territory in several years was found in sick hogs at a slaughterhouse in Honolulu. When these sick animals were traced to the farms of origin, it was found that the infection was centered in a hog raising district in east Oahu. The disease had apparently been spreading for several months during which time the owners failed to seek veterinary advice or to report the disease. Prompt action by territorial and practicing veterinarians confined the disease to the infected area. Losses on a few of the infected farms totaled over 50 percent of the herd. Overall animal loss in the outbreak was slightly under 6 percent.

Newcastle disease and air sac disease were diagnosed for the first time in the large poultry producing area centered at Hilo, Hawaii. This area had previously been free of these diseases. A survey by staff veterinarians indicated that these diseases made their appearance following a change in method by the industry from the hatching of locally produced eggs to the importation of chicks and hatching eggs from the mainland. During the height of this outbreak, off-island egg production was reduced by 33½ percent. Special educational meetings of all poultrymen in the area were held at which time colored films of the diseases were shown and sanitation and control measures explained.

Compulsory meat inspection was extended to the counties of Maui and Kauai as of January 1, 1956, bringing the slaughter of all meat-food animals in the Territory under the Hawaii Meat Inspection Regulations.

Pest Control (Biological).—Hawaii maintains a continuing program of controlling insect, animal and plant pests through the introduction of the pests' natural enemies. Over half a million beneficial insects and carnivorous snails were reared and released for field establishment.

The major projects included the noxious weeds: *Lantana camara*; Christmas berry; Firebush; *Pluchea*; the Pamakanis; and, Gorse.

Large colonies of four species of Giant African Snail predators were introduced, tested and released in areas heavily infested by this serious pest.

Plant Quarantine.—The Bureau of Plant Quarantine Inspection continued to enforce Federal and Territorial laws and regulations governing the import and export of all plant materials and non-domestic animals. A total of 4,970 ships and aircraft, 4,732,421 parcels of horticultural materials, 991,682 export and inter-island parcels, and 16,689 pieces of baggage were inspected. In addition, the inspectors inspected 118 shipments of beneficial organisms, 13,604 nondomestic

mestic animals, 92,233 cases of eggs and 16,785 foreign plants under post-entry quarantine.

A total of 506 lots of prohibited materials were intercepted and destroyed. These include 1 alligator, 2 snakes, 1 hawk, 189 insect interceptions and numerous exotic pests. One hundred and twenty-eight lots of restricted animals arriving without permits in violation of the Board's regulations were held until approved.

Wildlife Management and Research.—Again excellent hunting prevailed in the public hunting areas of Hawaii. The public hunting areas produced the best game bird hunting results in the history of the program here in Hawaii. Over 11,000 game birds, including pheasants, California quail, chukar partridge, lacenecked doves, barred shouldered doves, Japanese quail and wild pigeons, were taken during the season which extended from November 1 to January 15 on weekends and holidays on 11 public shooting areas. This kill represents over a 100 percent increase over the previous high of 5,371 birds taken during the 1954-55 season.

Big game hunters also enjoyed good hunting with the first regular public deer season being opened on Lanai during October. A total of 414 permits were issued resulting in 157 deer being taken for a 37 percent success average. On Mauna Kea, 697 sheep were taken during the 8 months hunting was permitted. This almost doubled the previous year's take of 428 sheep.

Legislation was passed by the United States Congress which will put Hawaii on a par with the States with respect to the Federal Aid to Wildlife Restoration Act. Hawaii is now eligible to receive \$71,000 annually compared with \$25,000 allotted previously. This will permit considerable expansion in the wildlife management and development program. Additional funds for the Federal Aid to Fish Restoration Program were included in this legislation whereby Hawaii will receive \$49,000 annually compared to \$25,000.

Fishery Management and Research.—The commercial fish landings in the Territory for the calendar year 1955 totaled 15,350,576 pounds valued at \$3,096,176 to the fishermen. Compared with the previous calendar year, the territorial catch decreased 5,172,799 pounds or 25.2 percent in weight and \$577,182.82 or 15.3 percent in value. The decrease is largely due to the aku (skipjack) catch which decreased 4,326,941 pounds or 30.9 percent. Other important species which decreased in catches were ahi (yellowfin tuna), 80,001 pounds or 15.2 percent; ahi (big-eye tuna), 605,641 pounds or 21.9 percent; a'u (black marlin), 331,422 pounds or 41.1 percent; ulua, 45,187 pounds or 21.0 percent; and akule, 19,342 pounds or 6.0 percent. However, there were increased catches of a'u (striped marlin), 34,136 pounds or

16.7 percent; mahimahi, 29,691 pounds or 12.6 percent; and opakapaka, 38,201 pounds or 26.7 percent. The disproportionate decrease in weight as compared with the value is largely due to the price of ahi (yellowfin and big-eye tuna), which sold for an average price of \$0.318 per pound in 1955 compared to \$0.246 per pound in 1954.

An active program of research on the reef and inshore fishery resources aimed toward providing essential information necessary to formulate sound management measures which might lead toward the restoration and rehabilitation of our inshore waters was carried out during the year. Special emphasis was given to biological and environmental studies to determine the extent of their influence on the fish populations.

Another approach which was investigated is the possibility of augmenting our inshore fishery resources by carefully considered introduction of exotic fish species. In this connection, trips to Palau in the Western Carolines and Palmyra in the Line Islands group were made to conduct ecological studies of reef fishes for possible introduction to Hawaii. To date mass introduction of reef fish has not been effectuated but efforts are being continued to accomplish this. However, we fared better in the introduction of bait fish and shellfish. Through the cooperation of the Fish and Wildlife Service, an estimated 40 buckets of bait fish (mostly sardines) were introduced from the Marquesas Islands and released off Barbers Point, Oahu. The success of this introduction has not yet been determined. Regarding the introduction of shellfish, a shipment of 75 pounds of Coral Rock oysters was received from Australia. These oysters are presently kept under observation in a pond at Coconut Island.

With the Vibert box planting of 11,000 eyed rainbow trout eggs and the successful release of 31,820 fingerlings in the Kokee Public Fishing Area on Kauai, the 1957 trout season should prove to be one of the most successful trout fishing years since the introduction of salmonids in that area. In addition, the Hanawi and the Haipuena Streams on Maui and the Wailuku and the Hookanenui Streams on Hawaii were experimentally planted with a total of 60,000 eyed rainbow trout eggs to test the suitability of these streams for the propagation of trout.

Fish and Game Law Enforcement.—There were 249 arrests made by the fish and game wardens on all islands during the fiscal year. Of this total, 178 cases were fishing violations and 71 were hunting and firearms cases. Fifty per cent of the total fishing cases were for the use of illegal mesh nets and 40 percent for the taking of certain fish during closed seasons. Hunting and firearm cases involved various violations including hunting without a license, illegal entry on public

hunting grounds and refuges, and taking of game during closed seasons.

Forest Reserve Areas.—As of this date the acreage of public and private lands set aside as classified forest reserves are as follows:

	Acres
Territory owned	819,678.53
Hawaiian Homes Commission	16,402.63
Various Counties and City and County	2,889.26
Federal Government	10,722.37
Private lands	352,174.26
Total	1,201,867.05

Tax Exempt Private Lands in Forest Reserves.—The total approved tax-exempt private lands in forest reserves in 1956 amounted to 244,646.47 acres out of a total of 256,534.78 acres for which application was made. The remaining 11,888.31 acres were denied exemption because of noncompliance with the law.

Forest Expansion and Other Developments.—During the year under review 66,671 timber trees covering an area of 207.82 acres were planted in the Molokai Forest Reserve. The Molokai Tree Planting Project is a cooperative agreement between the Board of Agriculture and Forestry and the Department of Institutions to assist in the rehabilitation of some of the boys from the Molokai Forestry Camp, by providing good healthful forest development work.

Of note during the past year was the withdrawal of 733.074 acres of forest reserve lands from the Mauna Kea Forest Reserve for use, control and management by the Department of the Army of the United States.

Also 4.05 acres was made available for a United States Weather Bureau Station under the control and management of the United States Department of Commerce.

Forest Fires Prevention and Suppression.—Again for the 1955-1956 period \$4,500 was made available from all sources for fire protection and suppression in 1,201,867.05 acres of forest reserve lands in the Territory. During this period six fires were reported burning 104 acres of land, a decided decrease over the 1954-55 period.

Protection of Forest Reserve Areas.—A total of 179,797.38 feet of fence maintenance was carried out by the Division during the period under review besides the usual routine patrol of forest rangers.

Wild animals taken from reserve lands amounted to 2,240 pigs, 771 goats and 697 sheep, for a grand total of 3,708 animals.

Nursery Management and Reforestation.—The same policy of production and sale of nursery stock to private land owners for forestry and other uses is still practiced. Nursery production from all Terri-

torial nurseries included 225,937 timber trees, 25,991 trees for wind-break purposes, and 57,165 plants for ornamental uses, a total of 309,-093 plants. The production and distribution of 95,551 fruit trees was an increase of more than 11,000 over the previous year.

Division of Territorial Parks.—The total number of parks complete or nearly complete is 16 for the islands of Hawaii, Maui, Molokai, Kauai and Oahu, consisting of nearly 6,000 acres of land. During the period under review the parks accommodated 273,500 visitors and 2,840 cabin and barracks users; 1,365 people were provided guide service and 682 people were furnished transportation facilities by the division.

Public Lands

The Department of Public Lands is continuing to follow out the policy of the Governor in making land available for small landowners and encouraging homesteading on the various islands.

During the past fiscal year, the Department sold: 73 houselots on four islands involving a total area of 1,401,211 square feet, for \$272,431.52; 21 business and industrial lots on three islands involving a total area of 752,723 square feet, for \$738,263.07; 6 church lots on three islands involving a total area of 186,889 square feet, for \$30,793.73; 14 government remnants on three islands involving a total area of 181,073 square feet, for \$5,623.00; 4 utility sites and easements on two islands involving an area of 47,433 square feet, for \$1,542.80; 32 leases on four islands involving a total of 12,700.129 acres at an annual rental of \$161,287.30; 38 agricultural lots on Hawaii involving a total area of 104.5 acres to help the 1955 Puna Lava Flow victims, for \$26,409.00; 29 homesteads on three islands involving a total area of 344.080 acres, for \$252,418.45; and 21 parcels of government land on three islands with an area of half an acre or less, involving a total area of 5.230 acres, for \$110,835.36, pursuant to Public Law 639, 83d Congress.

Three utility sites involving a total area of 16,353 square feet were rented at an annual rental of \$1,136.00.

On Hawaii the Panaewa Farm lots were quickly taken. Because of the demand for house lots in this fertile area on the outskirts of the town of Hilo, an additional area of 400 acres is being subdivided into sixty-five house lots of 2.73 acres which will be offered for sale shortly.

In Manoa Valley on East Manoa Road, the old Manoa School lot with an area of 97,721 square feet has been subdivided into 9 lots, five for house lots and four for business lots.

The most important subdivision project now being developed is an area of 42 acres, a portion of the Fort Ruger lands which were returned to the Territory by the Federal Government. This area, called Diamond Head View Lots, is being subdivided into 132 fee simple house lots with an area of about 10,000 square feet and will include a three acre park. Because most of the other land in this area is controlled by the Bernice P. Bishop Estate and can be sold only on a leasehold basis, it is anticipated that these fee simple lots will command a high price and the Territory may realize in the neighborhood of a million dollars from sales.

In the Waimanalo Farm area, an additional 80.2 acres will be divided into 21 farm subsistence lots. Due to the demand of farm lots at Waianae, Oahu, 24.27 acres of Luaualei, Waianae, Oahu, will be divided into 1-acre farm subsistence lots. At Waimanalo, homestead roads are also being constructed in this area to serve the farm lots.

Homestead roads on Maui and Hawaii have been constructed under Act 282, Session Laws of Hawaii 1953, at a cost of \$14,449.03, and under Act 386, Session Laws of Hawaii 1949, and Act 15, Session Laws of Hawaii 1953, at a cost of \$671.25.

Survey Department

For the Land Court, 19 original applications, comprising 42 lots with a total area of 1,507.923 acres, were checked on the ground and reported out during the year; 328 maps of subdivisions of registered titles were examined and approved, comprising 2,001 lots with a total area of 7,444.599 acres; 15 title and boundary studies in land court cases were made and reports submitted to the attorney general; 19 decrees were entered on applications concluded during the fiscal year; amendments to four cases before final adjudication were acted upon; seven field checks were made for registration of accretion to existing land court properties and to determine the legal highwater mark; two consolidations were filed to existing land court properties, comprising four lots with a total area of 2.888 acres.

Eighteen file plans were subjected to check surveys and reports submitted to the registrar. These plans covered 830 lots with a total area of 222.458 acres, being subdivisions of private property filed for record in the Bureau of Conveyances.

Four hundred and ninety-seven descriptions of survey, with individual sketch plans attached, were prepared and furnished to Federal, territorial and county offices. These were the result of field surveys or of compilations from office records based on previous surveys and included 16 surveys for land exchanges covering Federal aid projects, pipeline easements, county highways and other

public purposes; 232 for homestead, beach-lot, house-lot and town-lot subdivisions; 4 for school lots; 8 for park sites; 10 for easement right of way; 7 for forest reserves; 39 for road widenings; 25 for abandoned railroad flume and road rights of way; 47 for farm lots; 13 for industrial lots; 3 for leasing purposes; 4 for housing area; 3 for armory sites; 2 for off-street parking areas; and 100 for miscellaneous governmental requirements.

Of new maps, 19 were registered and 17 plans and tracings were completed during the year.

Several inspection trips were made on the island of Hawaii covering areas of the last eruption in the Puna District.

Inspections were made on the islands of Maui and Kauai of current survey projects.

44,257 prints have been furnished to the public and government offices.

The expenditures of the survey department for the fiscal year totaled \$149,821.94.

PUBLIC SERVICE AND REGULATION

Secretary of Hawaii

Although the bill providing for reapportionment of the Territorial legislature, which passed both Houses of Congress and was signed by the President on August 1, 1956, does not become effective until the 1958 elections, this department spent considerable time during the year working out details. The reapportionment formula in the bill is identical to that in the Hawaii State Constitution ratified in 1950. The bill does the following: (a) Increases the House membership from 30 to 51. Oahu will get all 21 additional seats for a total of 33. Other islands will retain the present number of seats, 18. (b) Increases the Senate membership from 15 to 25; retains the present 40 percent proportion of seats in the Senate for Oahu. (c) Provides the House with 18 election districts instead of the present 6, as follows: Hawaii, 2 to 5; Molokai, Lanai, 2d representative district within Maui County; Maui, 1; Oahu, 2 to 10; and Kauai, Niihau, 1. (d) Mandates the Governor to reapportion the House every 10 years and to redistrict the legislature as necessary. (e) Provides for six senatorial districts instead of the present four, by splitting Hawaii and Oahu into two districts each. (f) Provides for the Senate apportionment to be permanent, thus assuring neighbor islands of permanent control of the upper House. Under the bill, the counties will have the following representation:

	Senate	House
Oahu.....	10	33
Hawaii.....	7	8
Maui.....	5	6
Kauai.....	3	4
Total.....	25	51

In connection with the forthcoming elections on October 6 and November 6, the Governor issued proclamations changing precincts in the first, second, fourth and fifth representative districts, some of which were combined, some divided and split into additional precincts, and some newly created. It is anticipated that additional voting units will be established for unwieldy precincts of more than 1,000 voters. Some of the precincts on Hawaii were renumbered and polling places changed.

Session Laws of Hawaii, 1955.—One thousand copies of the Session Laws of Hawaii were printed at a cost of \$16,000, and are being sold for \$15 per volume.

License Plates, 1957.—A bid of \$150,178.66 was awarded to the Screw Machine Products Co. of Portland, Oreg., for the furnishing and delivery of 294,468 sets of the 1957 vehicle license plates.

A bid of \$1,101.53 was awarded to Geo. J. Mayer Co., Inc. of Indianapolis, Ind., for the furnishing and delivery of 1957 vehicular decals.

The Territory's 1957 vehicle license plates will be a newly designed plate in color and size, and will carry the word "Aloha" above the numbers, and the word "Hawaii" beneath.

Petitions and Decrees for Change of Name:

Petitions received and decrees issued.....	745
Total fees collected.....	\$3,725.00

Certificates of Hawaiian Birth:

Applications for certificates of Hawaiian birth (delayed birth registration) received.....	833
Actual number of certificates issued (five pending from previous fiscal year).....	838
Certified copies of certificates issued.....	635
Renewal of original certificates.....	94
Total fees collected.....	\$5,352.50

Department of Public Works

Construction projects granted by this department totaled about \$8,000,000, divided as follows: highways, \$5,519,354; airports, \$649,484; other public works, \$2,192,147.84. All islands shared in the benefits of this construction program.

When approved, the \$50,000,000 Hawaii gas tax revenue bond issue will break a financial bottleneck on the highway system. The bond

sales will permit completion of Oahu's major commuter routes by 1961 and speed up completion of the improved Federal-aid highway system on all islands. The Legislature increased the Territorial fuel tax from 4 to 5 cents, effective July 1, 1955, to match a boost in Federal-aid allocations for highways of from \$2,464,524 to \$3,160,794 annually. The bonds will require no further tax increase.

However, under anticipated legislation Hawaii's motorists will pay an estimated \$2,000,000 more per year in Federal motoring taxes effective July 1, 1956. By shouldering this additional taxation, Hawaii will be contributing to the support of the new national highway program on the same basis as the States.

Hawaii's additional Federal-aid under the new legislation will average about \$732,000 a year for the first 3 years that the measure is in effect. Although Hawaii was omitted from the so-called interstate highway system, which will receive the greatest share of the new Federal highway aid, it is hoped that the next Congress will correct this inequity. A bill was proposed which would designate a special defense highway system in Hawaii, and provide for a study of the means of financing it. Hawaii's military leaders have endorsed this proposal.

An improved salary scale for engineers has permitted recruitment from the University of Hawaii's graduating class in engineering for the first time in 4 years. Six of the June graduates were hired, but 27 more at this level (Civil Engineer I) alone are needed. The starting salary is still as much as \$92 below that offered by various civil service systems on the West Coast. The shortage of engineers for both highways and buildings is still critical. Contracts have been signed with four private engineering firms for design work on Territorial highways.

Federal-aid highway projects under construction during the fiscal year 1956 are summarized in the following lists. The estimated total cost figures include construction, rights-of-way acquisition and engineering expenses.

*Projects Started Prior to Fiscal Year and Not Completed
at End of Fiscal Year*

OAHU

Kalanianaole Highway—estimated final cost.....	\$1, 251, 600
Nuuuanu Avenue—estimated final cost.....	538, 163. 24
Mauka Arterial (Lunalilo Freeway)—estimated final cost.....	1, 461, 357. 65

HAWAII

Hawaii Belt Road—estimated final cost.....	588, 037. 38
Hawaii Belt Road—estimated final cost.....	1, 107, 238. 25
Hawaii Belt Road—estimated final cost.....	904, 114. 89
Kohala Mountain Road—estimated final cost.....	322, 856. 16

MOLOKAI

Molokai Airport Road—estimated final cost	\$239,725.32
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Projects Started and Completed During Fiscal Year

OAHU

Honolulu-Pearl Harbor Road—estimated final cost	\$29,699.87
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HAWAII

Hawaii Belt Road—estimated final cost	218,290.43
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*Projects Placed Under Contract During Fiscal Year
and Not Completed at End of Fiscal Year*

OAHU

Nuuanu Pali Highway—estimated final cost	\$2,238,579.27
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Nuuanu Pali Highway—estimated final cost	792,196.98
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Lunalilo Freeway (Mauka Arterial)—estimated final cost	532,747
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Kalihi Valley Road—estimated final cost	2,879,426.31
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HAWAII

Kapoho-Pahoa Road—estimated final cost	350,000
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MAUI

Kahului Beach Road and Kaahumanu Avenue—Main Street— estimated final cost	\$402,040
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KAUAI

Kauai Belt Road—estimated final cost	260,950
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General public works construction projects totaling \$4,636,238 reached completion or went under contract in fiscal year 1956. They included farm lot and subdivision development work, and new buildings ranging from modern prefabricated sheet-metal jobs to grass-thatched huts built according to the finest Hawaiian standards of 1820.

The 31 projects included seven for the University of Hawaii and six for the Hawaii National Guard. The University opened its new branch at Hilo and moved books into a new three-story library on Oahu.

As construction agent for Hawaii Aeronautics Commission, the Territorial Department of Public Works supervised 14 airport construction projects, totaling \$876,315, during fiscal year 1956.

The Airport Division's biggest single job was a \$436,440 runway reconstruction and drainage project at Hilo's General Lyman Airport.

Hawaii Aeronautics Commission

The announcement by most major airlines serving Hawaii of their decision to purchase civil jet transport aircraft and to have them in

operation between Hawaii and the mainland by the middle of 1959 necessitates the expansion and improvement of the Honolulu Airport to handle this additional modern traffic. The Commission now has enough funds to undertake a major portion of the expansion and the construction of a new terminal building. With the addition of Federal participating funds, this proposed expansion has been set forth in the new master plan as approved by the Hawaii Aeronautics Commission.

The expansion of the airport also necessitates the exchange of land between the Territory and the Federal Government, plus acquisition of portions of the Damon Tract area adjacent to the airport. The land exchange program between the Territory and the Federal Government is necessary in order to acquire land now under the direct jurisdiction of the Navy, the Air Force, and the Army for the construction of new terminal buildings and the service area, and for the relocation of runways, taxiways, and aprons. Negotiations for this land exchange between the Territory and the Federal Government have been initiated and should be concluded without undue delay.

On April 6, 1956, an agreement for the mutual transfer of real estate was entered into between the United States Air Force, the United States Navy, the United States Army, the Territory of Hawaii, and the Civil Aeronautics Administration.

It was mutually agreed between these principals that the land areas comprising Hickam Air Force Base, Honolulu International Airport, Honolulu Naval Air Station Facility, and Fort Kamehameha should be developed for future use as a single airfield complex.

It was further agreed that, in order to develop such a single airfield complex, it would be necessary for the parties to this agreement to mutually transfer certain parcels of real estate in fee simple.

The United States Air Force proposed a master plan for the development of a joint airfield runway and supporting pavement system which was acceptable to all interested agencies.

A Joint Real Estate Committee was formed, comprised of one representative from each of the participating agencies, for the purpose of implementing this agreement.

The acquisition of portions of Damon Tract is necessary in order to acquire sufficient land for the service area and a portion of the new terminal building. The Commission has now entered into negotiations for the ultimate acquisition of this land by purchase or by condemnation, if necessary.

Concurrent with the decision to construct the new terminal on the mauka side of the airport, the Commission is now phasing out the airport housing and industrial area in that section. Civilian and mili-

tary dependent families living in the area and in the old apartment buildings converted from military barracks were registered and referred to the Hawaii Housing Authority and military commands for relocation. Industrial enterprises were given notice to vacate their premises and were offered help in relocating. It is expected that the area will be completely vacated and ready for clearing in the very near future.

As the expansion of the airport and the construction of the new terminal area are geared to the new schedules of the major airlines starting their jet operation in late 1959 or early 1960, it is imperative that the master plan go forward as approved.

Actions affecting other Territorial airports were as follows:

South Cape Airport on the island of Hawaii was abandoned with the approval of the Civil Aeronautics Administration and the land was returned to the Territorial Land Commission.

A verbal offer of sufficient land to extend to Hana runway an additional 2,000 feet was accepted by the Commission.

Permission for the Territory to use Bellows Field was canceled by the Air Force in June 1956. This was to permit the Air Force to install its new Globecom System.

The Commission, after several meetings with representatives of the Navy, Civil Aeronautics Administration, and the Attorney General's Office, accepted the proposed quitclaim deed transferring title of Kahului Airport to the Territory. Although the deed contains several provisions which are not to the Commission's liking, the deed is the best possible one that can be obtained under the law authorizing the transfer of the airport. Accordingly, the staff was instructed to study the proper procedure to follow in making amendments to the deed for removal of these unfavorable provisions.

Territory-wide improvements completed during the year at a cost of \$967,544 are as follows:

City and County of Honolulu, Honolulu International Airport, total	\$230,680
Hawaii County, General Lyman Field, Kona Airport, Kamuela Airport, total	591,690
Maui County, Puunene Airport, Hana Airport, Lanai Airport, Molokai Airport, total	87,533
Kauai County, Lihue Airport, total	57,641

The following construction projects were started during the year and are scheduled to be completed by the end of the calendar year:

Honolulu Airport	\$45,000
General Lyman Field	3,900
Kahului Airport	11,500
Hana Airport	9,922
Lanai Airport	2,000
Total	72,322

Passenger traffic via air transportation has continued to increase. During the fiscal year, overseas air passenger volume increased 26 percent over last year, from 255,421 to 322,750. Air passenger traffic between the islands totaled 627,625 for a gain of 6.9 percent over the preceding year.

Total operating expenses for the fiscal year amounted to \$1,001,078. Improvement and capital projects cost \$860,909 with bond redemption costs at \$57,840, plus the surcharge imposed on special funds amounting to \$70,114. In addition to the above, a sum of \$1,000,000 was transferred to the general fund as a reimbursement to that fund for expenditures made in prior years for airport purposes.

Operating revenue from the aviation fuel tax of 3½ cents per gallon amounted to \$1,118,893. This was an increase of 35.1 percent over the preceding fiscal year and is directly traceable to the increase of nonscheduled commercial air carriers hauling military personnel. Additional operating revenue was received in the amount of \$662,315 from airport fees, plus \$166,528 received in Federal grants.

Board of Harbor Commissioners

The earnings of the Board of Harbor Commissioners for the fiscal year were \$1,776,141 as compared with \$1,630,039 in the preceding year. Construction jobs completed during the year amounted to \$728,173, of which the major ones were the extension of Pier 1 at Kahului, Maui, \$350,593; reconstruction of Pier 15 at Honolulu for use by commercial fishermen, \$132,171; the construction of a sea wall at Nawiliwili, Kauai, \$61,333; and the construction of a freight shed at Kawaihae, Hawaii, \$55,698. The last is in connection with the inter-island barge basin and facilities constructed by the Harbor Board. The United States Engineers have commenced work on this overseas harbor at Kawaihae and it is expected that the Harbor Board will commence the construction of overseas terminal facilities in the latter part of fiscal 1957 or early 1958.

The following is a comparative tabulation of the inward and outward overseas vessels and cargo tonnage for the fiscal years 1955 and 1956:

Overseas Shipping

Port	Inward cargo tons		Outward cargo tons		Number of vessels	
	1955	1956	1955	1956	1955	1956
Honolulu-----	2,557,518	2,878,710	941,569	1,144,962	996	1,045
Hilo-----	288,596	312,835	434,296	486,021	206	223
Mahukona-----	1,958	615	55,082	32,283	-----	-----
Honokaa ¹ -----	-----	-----	-----	19,610	-----	-----
Kahului-----	181,253	207,093	426,470	452,312	193	192
Kaanapali-----	-----	23,254	-----	-----	-----	-----
Port Allen-----	76,867	71,989	62,636	55,645	104	109
Nawiliwili-----	71,827	74,255	303,559	313,673	139	147
Totals-----	3,178,019	3,568,751	2,223,612	2,504,506	1,638	1,716

¹ Tonnage is reported for the first time although there have been cargo movements from these two ports in the past.

Passenger arrivals by surface transportation decreased to 26,232 in 1956 from 26,353 in 1955.

Public Utilities Commission

Dockets.—During the fiscal year, the Public Utilities Commission conducted 15 meetings and 21 public hearings in various localities throughout the Territory. A total of 21 formal cases were heard resulting in the issuance of 18 orders.

Finance.—Probably the more important matters studied were those involving internal modification of methods of accounting for depreciation by utility companies, as allowed by revisions in the Federal Tax Code. These changes permit a utility to defer the payment of a portion of their Federal taxes and allow the use of the unpaid portion for expansion. This provides funds for expansion without cost to the utility, which in turn can provide improved service to the public. This Commission was among the first in the country to make a study of this matter and to render decisions and orders pertaining thereto. As a result, other commissions have been following our pattern in their respective jurisdiction.

Electricity.—Of local importance, the merger of Kona Light and Power Company, Limited, with and into Hilo Electric Light Company, Limited, was paramount. In encouraging the merger, the Commission is making it possible for electric consumers in the Kona district to obtain power at a more realistic rate. For years the Kona rates were considered to be among the highest in the country.

On the Island of Kauai, the progress of extending electric service to Anahola, a village which has been asking for electric service for over 10 years, reached a climax this year with the cooperation of the Hawaiian Homes Commission. The latter is opening an area for settlement which requires electricity and is providing the needed

finances for the construction of lines into the area. It is our hope that Anahola Village will be electrified by Christmas of 1956.

Telephone.—In communications, the institution of island-wide toll-free service became a reality on Kauai. This makes possible the conduct of telephone communication between all exchanges on the island without toll charges.

In all, the activities during the year indicate a possible leveling off of growth and expansion in local utilities within the next few years after an unprecedented climb during the postwar years. This indicates that locally the utilities are meeting their obligation to serve the public and, in turn, have met with enthusiastic response from the public it serves.

LABOR

Labor and Industrial Relations

Employer-employee relations in the Territory seemingly have reached a marked degree of maturity. In the fiscal year ending June 30 there was an estimated loss of only 6,044 man-days as the result of labor disputes, and at the close of the year the prospects for a 5-year waterfront contract were optimistic, making three of Hawaii's basic industries subject to long term agreements.

This will be the first time in the history of labor relations in the Territory that the sugar, pineapple, and stevedoring industries have negotiated contracts of this length. They should assure Hawaii of uninterrupted port facilities and the growing and processing of its major crops for years ahead.

Following is a brief report of the activities of this department, by divisions, for the fiscal year ending June 30, 1956.

Bureau of Employment Security.—In 1956 more men and women were working in the Territory of Hawaii than during any other post-war year. Total employment increased from a 1955 monthly average of 186,970 to 191,410 in 1956. At the end of the fiscal year employment exceeded 193,000, which was 8,000 higher than the June level of 1955. This variation in the summer pattern was largely due to an unusually early harvesting and canning season in the pineapple industry. Expanded job opportunities in virtually all industries were reflected in fewer persons unemployed, a monthly average of 9,364 as against 10,860 in 1955.

Outstanding factors contributing to the employment expansion and unemployment decline, confined almost entirely to the island of Oahu, were: (1) Continued growth of the tourist trade which added more jobs in trades and services, transportation, and garment manufacturing; (2) accelerated defense expenditures that in the last 6 months

of the year resulted in increased Federal civilian hiring; and (3) a considerably higher level of construction activity.

Payments of unemployment insurance benefits to jobless persons followed the trend of declining unemployment with a total of \$2,902,508 paid to eligible unemployed workers, or \$353,007 less than in 1955.

There were 334 more employers covered by the Hawaii Employment Security Law during the year, and as of June 30, 1956, employers hiring one or more workers totaled 8,960. These employers paid \$319.7 million in wages as compared with \$302.1 million during calendar year 1954. The average weekly wage rose to \$60.13 from \$58.54.

Bureau of Research and Statistics.—The Honolulu consumers' price index increased one and three-tenths percent during the year ending June 30 with all components of the index registering gains ranging from 2.9 percent for the miscellaneous group to one-tenth of one percent in the fuel-light index. In March of 1956 the index reached its all-time high of 145.2 and at the close of the year it stood at 144.8. March 1943 is used as the base period of 100.

Bureau of Workmen's Compensation.—The augmented workmen's compensation and industrial safety programs authorized by the last legislature and approved by the Governor are operating successfully.

Although benefits provided by the Hawaii Workmen's Compensation Law are the highest paid in the United States except for coverage under the Federal Employees' Compensation Act, the cost of these new benefits is being curtailed by an aggressive accident prevention program. Hawaii workers who sustain industrial injury or occupational disease receive prompt payment of workmen's compensation benefits and rehabilitation services not formerly provided. Results of our new program are most encouraging and the costs will be kept well within estimated limits, provided the experience for the last 6 months of 1956 compares favorably with that of the first 6 months.

Safety programs have been developed by the industrial safety division for all islands with an inspector assigned to each of the neighbor counties and two on Oahu. Definite progress is being made in the reduction of serious industrial accidents throughout the Territory.

Bureau of Labor Law Enforcement.—In the enforcement of the Hawaii Wage and Hour Law, back wages totaling \$60,876 were found to be due 673 employees. The impact of a raise in the minimum wage that became effective July 1, 1955, is shown by an increase of 36 percent in the number of violations and a 92 percent increase in the amount of back wages found due over the previous year.

An analysis of inspections and investigations made by the wage-hour division of 1,310 establishments with a total of 21,811 employees is

summarized as follows: Failure to pay the statutory minimum wage \$11,977, infraction of overtime provisions of the wage-hour law \$18,248, failure to pay earned wages \$27,597, violations of the "Little Davis-Bacon Act" \$3,003, and illegal deductions \$51.

Under the Emigrant Agent Act nine new licenses were issued and eight renewed. The recruitment of workers for employment on the mainland United States accounted for five of the new licenses.

Child labor certificates issued by the department this year totaled 8,511, an increase of 90 percent over the previous year. The employment of minors by the pineapple industry was largely responsible for the increase, since 53 percent of all children employed were in this industry.

Wage claims filed by 494 employees totaled \$67,337, representing an increase of 24 percent in number and 77 percent in dollar volume. The average claim rose from \$40.52 in 1955 to \$136.31 in the current year. The increase in number and amount of claims is due principally to the fact that the department may now accept claims up to \$500 instead of \$300. A total of 396 claims in the amount of \$52,397 were disposed of during the year.

Apprenticeship Division.—Substantial gains in apprenticeship enrollment were accomplished during the year with new registrations

Labor Force Estimates for the Territory

Industry	July 1956	June 1956	July 1955
Civilian labor force.....	210,140	203,880	205,180
Unemployed.....	8,640	10,540	10,270
Percent unemployed to labor force.....	4.1	5.2	5.0
Employed.....	201,500	193,350	194,910
Manufacturing.....	33,310	27,580	30,490
Food processing.....	26,770	21,130	24,110
Sugar mills.....	7,840	7,900	8,320
Pineapple canneries.....	16,050	10,380	12,940
Printing and publishing.....	1,660	1,660	1,610
Other.....	4,880	4,790	4,770
Construction and mining.....	10,920	10,730	9,940
Transportation, communication, utilities.....	11,220	11,190	10,930
Transportation and allied services.....	7,670	7,620	7,370
Stevedoring.....	2,420	2,410	2,410
Other transportation.....	5,250	5,200	4,960
Communication and utilities.....	3,550	3,570	3,560
Trades.....	34,110	34,080	33,000
Wholesale trade.....	8,470	8,430	7,840
Retail trade.....	25,640	25,650	25,160
Finance, insurance, real estate.....	4,850	4,840	4,590
Service industries.....	20,090	20,020	19,680
Hotels.....	3,100	3,070	2,720
Other.....	16,990	16,940	16,960
Government.....	39,770	39,690	39,570
Federal.....	22,530	22,470	22,610
Local.....	17,240	17,230	16,960
Agriculture.....	27,620	25,600	27,240
Sugar.....	12,200	12,180	12,500
Pineapple.....	6,080	4,090	5,430
Other.....	9,340	9,330	9,310
All other nonagricultural employment.....	19,620	19,620	19,460

These employment estimates are based on data submitted by more than 600 selected local employers throughout the Territory. Employment figures include all workers who worked or received pay during the pay period ending nearest the 15th of the month.

* Includes domestic and self-employed workers.

NOTE: Figures do not necessarily add to totals due to rounding.

increasing 69 percent over 1955. A record number of apprentices completed their training and were graduated to journeyman rank, filling a vital need in industry for skilled craftsmen. Net enrollment at the close of the year was 10 percent higher than the previous year, and with the continued support of industry and labor unions, the growth of apprenticeship training in the Territory appears optimistic.

PERSONNEL AGENCIES

Department of Civil Service

During the year both the classification plan and the compensation plan were restudied. This study resulted in a reduction in the number of classes of work from 954 to 876. Also, the appropriate salary range assignment for each class of work was evaluated in terms of the 31 salary-range plan which replaced the prior 16 salary-range plan.

A total of 462 classes of work were reassigned to higher salary ranges, 395 classes were left at status quo, and 19 classes were reassigned to lower salary ranges. As this affected employees, it was found that: (a) 3,439 positions were reassigned to higher salary ranges; (b) 2,704 positions were left at status quo; and (c) 50 positions were reassigned to lower salary ranges. However, no one received a pay reduction.

Currently, a classification survey of each of the 6,193 Territorial positions is under way.

Assistance is being rendered to the three neighbor island counties with their classification studies and review of their compensation plans. Approximately 1,500 positions will be involved in this study.

Together with the Hawaii Employers' Council and Federal and county governments, a survey of pay rates in Hawaii was conducted. This survey covered 300 establishments with a total employment of over 55,000 persons.

An unusual change in the labor force of the Territory has taken place. For the first time since the war years, we found that there was an acute shortage of clerical workers. As late as 1953, clerical workers were recruited once each two years. In 1955, it was necessary to recruit annually. However, clerical workers have been recruited twice thus far and it is believed that a third attempt will be necessary well before the end of the calendar year.

As in the past, a short supply of workers continues to exist in other areas, particularly in such specialized or professional areas of work as: engineers, librarians, veterinarians, psychologists, psychiatric social workers, occupational therapists, physical therapists, dietitians, etc. In the trade classes, the skilled labor supply is beginning gradually to drop.

These changes in labor market trends have made it necessary to increase current recruitment efforts by 47 percent over 1955 and 58 percent over 1954. Higher salaries paid at Federal installations and job opportunities with private firms both in the Territory and on the mainland were causes for much of the employee turnover.

To meet the need for replacements, 377 examinations were advertised in the newspapers as being open to competition by the public. Additionally, 91 promotional examinations were announced as being limited to regular employees already in the service as an inducement to attract and to retain competent career service employees.

A statistical summary of some of the major personnel transactions is as follows: (a) 1,610 new hires; (b) 1,308 separations; (c) 452 employees granted promotions; (d) 349 employees granted leaves without pay; (e) 295 employees returned from leaves without pay; (f) 216 employees transferred to other positions; (g) 43 employees were suspended.

Employees' Retirement System

Created by the Legislature of 1925, the Employees' Retirement System of the Territory of Hawaii has completed 30 years of operation. During this period the membership, which now embraces practically all of the employees of the Territorial and subsidiary governmental entities, has grown from 2,028 to 19,380. There were 1,356 beneficiaries on the retirement rolls as of June 30, 1956. During the fiscal year, payments totaling \$2,750,301 were paid to members and their beneficiaries under the various benefits provided by the System. Since its inception, the system has paid benefits totaling \$26,560,012.

Begun and maintained as a funded system, the assets on June 30, 1956, totaled \$102,458,906, of which \$93,878,426 is invested in a high grade portfolio of securities, the balance being receivables and accruals. Investments, which are restricted as to qualifying type by law and board policy, are well diversified as to kind, industry, and geographical location of the surety. Of the portfolio, 26.31 percent is invested within the confines of the Territory of Hawaii. Net yield on investments during the past year was 3.23 percent of investment cost. Principal changes in investment policy during the past year were the purchase of guaranteed veterans' home mortgages in the amount of \$2,000,000, and increase in common stock purchases to a total of \$500,000 per calendar quarter.

A proposal to supplement System benefits by a plan of integration with Federal O. A. S. I. has been receiving careful study and will come before the 29th legislature for decision and presentation to the membership.



